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President Duarte meets reporters in a San Salvador hotel bar.

Duarte Calls Slayings Of Newsmen Accidental

Walesa Remains Interned

As Daughter Is Baptized

Martial law authorities kept Mr. Walesa from the ceremony despite pleas for his release by his wife and the Polish Roman Catholic primate, Archbishop Jozef Glemp. Mr. Walesa, who was arrested with most of the Sobdarity leaders when martial law was

proclaimed Dec. 13, reportedly has never seen his daughter, his

The 60-minute television program, meanwhile, presented Soli-darity as a power-bungry movement that had ruthlessly rejected

all attempts by the government to seek national agreement and

debates, strikes and campaigns, while martial music heralded pic-tures of the government at work.

The film ended with pictures showing factories back at full work after scenes of industrial disruption, idle machinery and

(Continued on Page 2, Col. 6)

Horror-type music was played to accompany film of Solidarity

By Loren Jenkins

Washington Post Service SAN SALVADOR — President José Napoleón Duarte has saíd be is "perfectly satisfied" that the shooting deaths of four Dutch newsmen last Thursday were acci-

In an impromptu press conference at the Camino Real Hotel Saturday, the president defended the government's official report on the killing. Televisioo journalists at the press conference told him they feared that security forces were trying to intimidate journalists.

Mr. Duarte insisted that the four Dutch journalists were killed when they were "moving in a guer-rilla area with guerrilla protection." He promised to order gov-ernment forces to respect the for-eign press. The president also said

crowded church during the ceremony.

overcome Poland's economic crisis.

711.6

he will conduct another investiga-tion, in which journalists will be able to participate.

Saying that the government had not known the Dutch newsmen were in the area of the conflict, Mr. Duarte asked, "If you want to go where we cannot protect you, how can we protect you?

The press conference followed the release of the government's report on its one-hour autopsy on the four journalists and an unidentified fifth man. Judicial officials said the autopsies showed no powder burns. Such burns would indicate that the men were shot at short range, as some who doubt the government's account have al-

The Dutch ambassador to Mexi-co traveled to El Salvador to make (Continued on Page 2, Col. 2)

French Socialists Suffer a Setback In Local Elections

From Agency Dispatches
PARIS — France's Socialist government, in power for nine months, suffered a setback Sunday when conservative parties emerged as clear winners in national local

Official results announced by the Interior Ministry said the right and center-right parties had won 1,154 local canton seats out of 2,029 at stake in the two rounds of voting that ended Sunday.

The Socialists, their junior Com-

munist partners and other leftist parties took 781 seats.

There were 94 seats still being counted with results from France's far-flung territories, extending from the South Pacific to the Carbean, expected on Monday.

The Socialist Party leader, Lionel Jospin, told a television in-terviewer. "The left lost the elections. The right-wing forces were looking for revenge, mobilized better and the more dynamic side won the day."

The results reflected a clear shift in public opinion since the Social-ists won the presidency and an ab-solute majority in the National Assembly with landslide electoral vic-

Earlier partial returns showed the worst support for Communists in years. They captured only 12.1 percent of the vote compared with the 18 percent to 20 percent they have normally won since World War II. The Socialists scored the biggest single party win with 36.5 percent of the vote but it was not enough to offset the Communists'

With 991 of the cantons counted, the left in the government coa-lition took 50.39 percent of the vote against 48.03 percent for con-servative forces, which held a slight advantage after the first-

The French Interior Ministry reported a record turnout of 68.4 percent compared with 67.2 percent in the first round.

In the first round, rightist par-ties poiled 49.9 percent of the votes compared to 49.6 percent for the left. In that round, 966 seats were filled under the two-round electoral system that gives the seat to the candidate polling more than 50 percent of the votes. Where oo ididate had a majority, a runoff was scheduled

Provincial government counci elections are held in half of France's cantons every three years. After the 1979 elections, conservatives controlled 51 of the 95 coun-

The oew cantonal representarives will vote Wednesday in France's 95 departmental, or county, assemblies for presidents who have been given new powers through a major Socialist reform.

Another blow for the Socialists

was the defeat of Communications Minister Georges Fillioud, forced into an embarrassing run-off. Sev-en other government ministers standing for seats were elected, in-cluding Agriculture Minister Edith

The government was hurt last week when the dollar rose to a record 6.26 francs Thursday, It settled down to 6.24 francs Friday when the market closed only after a massive intervention of the Bank of France that cost an estimated \$1.5 billion in reserve funds.

The government also has had to contend with a controversy over the death of a Social Security director in Marseilles. René Lucet, an anti-Communist, died of gunshot wounds two weeks ago af-ter he was fired by a government that includes four Communist Cabinet ministers. Initial reports said the death was a suicide but authorities are still investigating.



Riyadh's decision to trim production by 500,000 barrels a day.

Schmidt's Party Slips In Lower Saxony Vote

From Agency Dispatches
HANNOVER, West Germany

Chancellor Helmut Schmidt's Social Democrats suffered heavy losses Sunday in the first of four West German state elections this year that together could be crucial for the balance of political power in Bonn.

In an election that could have repercussions in the capital and weaken the 12-year governing con-lition of Social Democrats and Free Democrats, Mr. Schmidt's party won 36.5 percent, down 5.7 percent from the last Lower Saxony election of 1978 and down 10.4 percent from its vote in the state in the 1980 nationwide election, provisional final results showed.

The Social Democrats lost votes to both the Free Democrats and the Greens, an ecological party that won seats in the state parliament for the first time.

The chairman of the Social Democratic Party, Willy Brandt, said in Bonn that the results spelled "a clear defeat" and were disappointing." The leader of the Christian Democratic Party, Helmut Kohl, said it was clear that the real loser of this election is Helmut Schmidt."

11 seats, the projection showed,

In 1978, neither the Free Democrats, which forms the government coalition with the Social Democrats, nor the Greens cleared the minimum 5 percent required to gain seats in the Lower Saxony andtag, or state parliament.

Political commentators and the conservatives blamed the Social Democrats' poor showing entirely on federal politics. Mr. Schmidt's coalition government and above all his party bave looked increas-ingly divided on key economic and defense issues. Disillusionment with Mr.

Schmidt on the left has driven many former Social Democrats to the Greens, whose success Sunday was due to a strong showing in big cities, university areas and the region around Gorleben on the East German border, where state au-thorities plan to build a nuclear

waste dump. The computer indicated that the Christian Democrats would get 50.7 percent of the vote and 87 seats in the 171-seat state parliament. It was the first time in the history of the state that a party gained more than 50 percent of the

OPEC Agrees To a Sharp Cut In Oil Output By Steven Rartner New York Times Service

VIENNA — The Organization of Petroleum Exporting Countries, moving to reduce the worldwide surplus of oil and bolster prices, has agreed to cut production by about 700,000 barrels a day, It was the Gest formal production agreethe first formal production agree-ment by the 13 OPEC members.

The reduction agreed upon Sat-urday was greater than had been expected and included a cut of 500,000 barrels a day in Saudi Arabia's production ceiling, to 7 mil-

lion barrels a day.

The action, which takes effect on April 1, would reduce OPEC's daily output to 17.5 million barrels

a day from its estimated current production of 18.2 million. Only three years ago, OPEC was producing 31 million barrels a day.

"This is not the end of the story," said Mana Said al-Oteiba, president of OPEC and oil minister of the United Arab Emirates.

"We at OPEC will be ready to so We at OPEC will be ready to go on the same line if our decision today is not enough to meet the mar-ket problem."

Sueb tough talk, combined with the electrifying effect of the Saudi announcement, represented an intensive effort to convince the coosuming world that the group had to defend its price structure, based on a \$34-a-barrel charge for Saudi Arabian light crude oil. That price was reaffirmed at the meeting.

Sheikh Ahmed Zaki Yamani, the Saudi oil minister, indicated to reporters that the \$34 price would obably stand until at least the end of 1982.

The results of the two-day session, revealed at a crowded news conference, came after statements Friday night that OPEC would cut

overall production to 18 militon barrels a day. Although the group decided to cut deeper, to 17.5 million barrels, it was uncertain whether the move would bolster oil prices. Experts said that it would take some time before it became elear if the decrease was large

enough.

The oil ministers indicated that they believed the slump io open market prices has resulted in a major reduction in the inventories of oil companies. In that case, they argue, temporary belt tightening by OPEC will be sufficient to ride

out the glut. A number of other experts contend that the slump has been caused mainly by a fall in demand, heightened by conservation efforts and the growth of con-OPEC energy sources. They say OPEC will find it practically impossible to maintain its prices during the com-

ing months. "We're just going to have to wait and see whether this is enough to work off inventories," said a Gulf Oil Corp. official who was here ob-

erving the meeting. Many experts considered the session the most critical ever for the cartel. In addition to the decrease in production, OPEC took a number of less important but symbolically significant steps to establish its resolve. Among them were the following:

 The meeting was converted Saturday morning from a "consult-ative" to an "extraordinary" ses-sion, meaning that the decisions had the full weight of OPEC behind them.

 A committee made up of Mr. Oteiba and ministers from Algeria, Indonesia and Venezuela was ap-(Continued on Page 2, Col. 6)

WARSAW — Poland's martial law rulers kept the interned Soli-darity union leader, Lech Walesa, away from his baby daughter's baptism Sunday, and screened a major television program that indicted his union movement. The Free Democrats won 5.9 vote in a state parliament election. percent of the vote and 10 seats. (Continued on Page 2, Col. 7) María Victoria Walesa, who was born Jan. 27, after her father was interned, was christened by Bishop Lech Kaczmarek of Gdansk in a ceremony that attracted thousands of supporters and 7 Arabs, 3 Israelis Hurt friends. A man identifying himself as a cousin of the Walesa family said by telephone that 30,000 to 40,000 people were outside the

TEL AVIV -- Seven Arabs were

wounded by gunfire Sunday as Is-raeli troops clashed with Palestinidemonstrators, Israel Radio Three Israeli soldiers were injured by rock-throwing demonstra-

tors, and two tourists were burt when their bus was hit with stones. the military said. The military command con-firmed that two Palestinians suffered gunshot wounds in riots in Nablus, one was wounded in Halboni and two were shot during

unrest in the Jalazun refugee camp north of Ramallah. Israel Radio said an additional two Arabs were wounded at the refugee camp. West Bank mayors decided Sunday to extend their general strike another two days. The mayors said the strike, which was to have end-

ed Sunday, is being extended to "express our opposition to Israeli repressive measures." On Saturday, an Arab youth was shot and killed and several persons were injured when Israeli roops clashed with stone-throwing demonstrators in Al-Birch.

As protests against oew Israeli occupation measures entered their third day Sunday, troops imposed a partial blockade on the three main trouble spots, Nablus. Ramallah and Al-Bireh.

At Ramallah, a curfew was ordered after Mayor Karim Khalaf said he was resigning. A few hours later, under pressure from other

In West Bank Protests Arab mayors to retain his post, he

withdrew the resignation .

The general strike was called to protest last Thursday's dismissal of Al-Birch's mayor, Ibrahim Tawil, and the dissolution of his town council by the occupation

The mayors have said the action, imprecedented in 14 years of Israei occupation, is the first step in a campaign to unscat them all. Elected in Israeli-supervised elections in 1976, the mayors support the Palestine Liberation Organizatioo and oppose Israel's so-called autonomy plan for the West Bank and Gaza.

Mayor Bassam al-Shaka Nablus said in an interview that the Israelis were likely to dismiss the other mayors. "But we hope outside pressure will make them think twice," he said.

Mr. Shaka said the mayors may resign collectively "if the Israelis continue their iron-hand policy." The civilians were appointed by Israel to take over some adminis trative tasks performed by army officers in the occupied territories.

The mayors have refused to cooperate with them, asserting that they are part of a plan to perpetuate Isracti rule,
Army units set up road blocks at
the entrances to Nablus, Ramallah and Al-Birch, banning residents from leaving or entering between & a.m. and 4 p.m. A total curfew was imposed in the Balatta and Askar

refugee camps after demonstrators blocked roads with burning tires and pelted troops with stones.

The army used tear gas and later fired bullets in the air and at the ground to disperse the crowds. Shops and factories were closed in most West Bank towns. The strike call received only partial support in smaller towns and was barely

observed in the country.
Unrest spread to Gaza, where the army arrested about 40 stu-

Islamic Group Blames U.S.

JEDDAH (Reuters) - The Islamic Conference Organization accused the United States and Western Europe Sunday of being responsible for what it called Israe li repression and terror in occupied

The statement cited U.S. and European support for Israeli policies and urged the Jeddah-based group's 40 members to double po-litical, economie and military aid



Jawbone fragments of a squirrel-like animal found on Antarctica provide support for the theory of continental drift.

Antarctica Fossil Bolsters Continental Drift Theory

By Philip J. Hilts
Washington Post Service
WASHINGTON — Scientists have found bones — believed to be 50 million years old - of a land mammal in Antarctica, thereby providing the long-sought animal evidence to bolster the theory of continental drift.

The National Science Foundation, which sponsors all U.S. Antarctic work, announced the discovery Saturday. It called the find "one of the most significant scientific discoveries in recent vears."

One of the long-standing puzzles of evolution has been the connection between the isolated, but obviously related, colonies of marsupial mammals in South America and Australia. If these mammals originated in the Americas, as seems likely, bow then did they reach Australia? .The discovery of the three jaw

pieces and several tooth fragments of a squirrel-like animal supplies an important piece of evidence for two theories: that the marsupials migrated to Australia across Antarctica when that continent was warm and habitable, and that the continents of South America, Antarctica and Australia were once

Marine animals, reptiles and a variety of plants have been found in Antarctica before, showing that the land was once habitable. But until now no one has found evidence of the Antarctic marsupial that has figured in the two theories.

Scientists have sought evidence of early mammals in Antarctica for more than 60 years. In a 1931 book, geologist Lawrence M. Gould, who was second in command of Adm. Richard E. Byrd's second polar expedition, wrote that he would rather go back to Antarctica and find a fossil marsupial than three gold mines."

The discovery was made March 7 on Seymour Island at the northeast up of Antarctica by Sankar Chatteriee of Texas Tech University. He was one of

a team of researchers led by William Zinsmeister, a polar spe-cialist at Ohio State University. The team also included Michael P. Woodburne of the University of California at Riverside and Rosemary Askin of the Colora-do School of Mines. The marsupial family, which

includes the koala, wombats, kangaroos, opossums and smaller rodent-like creatures, is a super order of mammals distinguished chiefly by premature birth and continued development in an external pouch.

The animals are found chiefly

in Australia and South America; none has ever populated Africa, Europe or Asia.

"The confirmed presence of land mammals in Antarctica clearly shows that Antarctica and South America were attached about 65 million years ago," Mr. Zinsmeister said, ft. was during that period that marsupials originating in South America would have moved to what were the dense forests of Antarctica.

The animal fragments found in Antarctica were given preliminary dates of 50 million years. The marsupials in Australia date about 25 million years, which fits the time sequence for the theory of marsupial passage from the Americas to Australia. The subsequent isolation of Australia made it possible for mar-supials to evolve without competition from other groups of

The narticular variety of marsupial found in Antarctica is of an extinct family called Polydolopidae, a species that lived in forests and ate leaves and ber-The theory of continental

drift, which has become the dominant view of geologists, holds that the cootinents were at one time connected. The continents, it is now believed, lie on movable plates of the earth's crust. Over the past 150 million years the plates have broken up, drifted apart and in some cases collided again to form the present earth.

Journalists' Association Is Disbanded in Poland

By Dan Fisher Los Angeles Times Service

WARSAW - In a move reminiscent of the aftermath of Moscow's intervention in Czechoslovakia in 1968. Poland's martial-law regime has disbanded the Association of

A commentary distributed by the official PAP news agency accused the leaders of the 8,000member association of "openly supporting activity of extremist anti-Socialist groupings, going so far as issuing publications which contained tendentious accusations against the state authorities."

Leaders of the association, many of them Communist Party mem-bers, were sympathetic to the Soli-

movement and championed the in-dependence of the Polish media from party domination.

Nineteen association officers protested the order, issued Saturday disbanding the group, as "the last step in the unfounded and illegal repression" of Polish journal-ists since martial law was declared on Dec. 13.

The statement decried the "shameful and improper" process of "ideological verification" by which authorities bave dismissed an estimated 1,200 to 1,500 Polish journalists. In addition, 40 journalists are reported to be among the nearly 4,000 Solidarity leaders and sympathizers still interned by the

government as potential threats to the state.

Danuta and Maria Victoria Walesa at home in Gdansk.

"Let the awareness that everything will be evaluated be a warning to those who believe that the time of contempt for right and honor will last forever," the associatioo leadership's statement said.

The order dissolving the group was signed by Gen. Mieczyslaw

Debicki, mayor of Warsaw, where the association is registered. It cited the alleged violation of a 1932 law on associations. The action came after several days of attacks on the group in the tightly controlled martial-law media. The campaign has included calls for the formation of a new professional organization loyal to the Communist regime.

pect to be a purge of the leadership of several cultural groups. A similar purge of journalists, writers, artists, and other associations occurred in Czechoslovakia after the Soviet intervention in August, 1968, as part of a return to tight control over potential sources of Membership in such profession-

move as the first in what they ex-

al associations is more important throughout the East bloc than in the West. The groups are used as the channels through which governments dispense privileges and prestige to cultural figures, as well as financial assistance such as pen-sions, financial grants, and subsi-

Pravda Warns of 'Double Standard' on Missiles

By Dusko Doder Washington Post Service MOSCOW - Pravda has made

the first public reference here to suggestions that the Soviet Union might put nuclear arms in Cuba if the United States deploys its new medium-range nuclear missiles in Western Europe.

In a response to recent com-ments by U.S. Defense Secretary Caspar W. Weinberger, the party newspaper emphasized Saturday that President Leonid I. Brezhnev's speech Tuesday "contains a clearly worded warning" that if the United States carries out its plan, the Soviet Union would undertake "retaliatory steps that would put the other side, including the United States itself, its territory, in an analogous position.'

"Caspar Weinberger," Pravda continued, "discoursed in this connection about the Soviet Union's 'intention' to deploy nuclear mis-siles in Cuba. The deductions he made shall be left on his con-

"It is another thing that is important, however. The U.S. deense secretary threatened that the deployment of Soviet missiles in retaliation for U.S. actions or even preparation for their deployment would lead to a situation in which the United States would take every

measure and undertake any steps to prevent that. A legitimate question arises in this connection: How should the Soviet Union react, to follow Caspar Weinberger's logic, if the United States attempts to deploy in the immediate vicinity of the Soviet Union some 600 Cruise and Pershing-2 missiles fitted with nuclear warheads and targeted on the Soviet Union." NATO plans to deploy 572 of the missiles in Europe an part of the Soviet Union. in late 1983 or early 1984.

Pravda's Argument The article, headlined "There Can Be No Double Standard." also was distributed by Tass and read on Moscow television's eve-

Western diplomats here said the main argument of the article was that if the Americans believe they have the right to install Pershing-2 and Cruise missiles in Western Europe, the Russians have the same right with respect to their ally in

the Caribbean The Soviet leader coupled his threat with sweeping arms-control

government has ordered a halt to the deployment of its mediumrange SS-20 rockets in the Europe-

On the diplomatic front, Soviet officials made two unusual gestures. Foreign Minister Andrei A. Gromyko invited the Italian ambassador for a chat, reportedly to convey the seriousness of Mr. Brezhnev's proposals and to hint that Moscow has reached its limits in trying to improve the atmosphere at the Soviet-U.S. arms control

And Premier Nikolai A. Tikhonov called in the outgoing Japa-nese ambassador, presumably to convey the same message. Normally, outgoing ambassadors are not received by the bead of govern-

talks in Geneva.

INSIDE

Budget Budges In Washington, after days of posturing and turmoil, the major elements of a budget compromise are beginning to emerge. A news analysis, Page 3.

The Broker Raids French government officials reportedly have told American

hostile impressions that may

ages in Paris. Page 5. Focus on Japan A special supplement on Ja-

pan appears on Pages 7S-16S.

executives that they regret any have been drawn from recent raids on two American broker-Arab territories.

to the Palestinians

U.S. Releases More Data on Role of Outsiders in Salvador

By John M. Goshko

Washington Post Service WASHINGTON — The State Department has made public 11 pages of conclassified information whose "cumulative weight" is cited by the department as proof that Nicaragua and Cuba are supplying and directing the leftist guerrillas in El Salvador.

The department did not include the classified intelligence material that U.S. officials have said was the basis for a statement by the secretary of state that the United States had "overwhelming and irrefutable" evidence of outside arms turning up in the hands of command and control over the guerrillas in El Salvador and Gua-

Dean Fischer, the department government would lose access to government of the United States know what is going on."

"A government that does not

MANAGUA — Government safe. agents have arrested 18 missionar-

ies of the Jehovah's Witnesses and

expelled at least nine on charges of

"anti-revolutionary activities,"
U.S. Embassy officials reported.

The arrests occurred Saturday and 10 of the missionaries later

went to Panama City. The mission-

aries said 19 rather than 18 were

arrested and that the other nine

Interviewed at the Panama City airport, the missionaries said the

group included seven Americans

and three Canadians. They said

Americans, three Canadians, one

10 Ordered Out

McDaniel of Omaha, Neb., said

that Nicaraguan officials came to

the Jehovah's Witnesses residence

in central Managua and ordered

10 missionaries they found to go to

took us to the airport, they put us

on a Taca flight, we had an excel-

lent flight and we are now in Pana-ma," Mr. McDaniel said. The Panama City airport duty officer said earlier that the 10 mis-

sionaries received 30-day tourist

They were taken to a center the

Europe's high prices the brush.

visas when they arrived.

"Without any explanation, they

the immigration department.

One of the missionaries, Vern

Briton and one West German

were going to Costa Rica.

keep secrets does not receive thus not to produce new revelathem," he said.

The information released Satur-

day consisted largely of assertions that, in most cases, contained no details about how it was obtained.

New Material

Some of the material was new. It contained the names of Nicaraguan ships and the location of airfields in Nicaragua allegedly used in smuggling arms into El Salvador and it described a oumber of incidents in recent months that the department cited as evidence of these temala.

The rest of the information was spokesman, said Saturday: "We originally contained in the "white cannot and will not make this intelligence available publicly. Were ment made public by the departit to be released, the United States ment a year ago, or material that has been described in testimony critical information and might well risk the lives of some brave people as Secretary of State Alexander M. who believe it is important that the Haig Jr. and Thomas O. Enders. assistant secretary for inter-Ameri-

can affairs. "The purpose of this paper is

The arrests came as the Reagan

administration is stepping up its criticism of Nicaragua's revolu-

tionary Sandinista government on

grounds of restricting political

freedom, harassing opposition forces and mistreating Indians.

Last week, Nicaragna declared a

state of emergency, saying the na-tion was endangered by U.S.-sup-

ported efforts to weaken, and

eventually overthrow, the San-

dinista government. At the same

time, there has been a renewal of

growing conflict in Central Ameri-

The United States and Mexico

agreed last week on a plan to seek

new contacts with Nicaragua and Cuba in an effort to defuse the ris-

ing tension in the region, and Ni-

Nicaragua Arrests 18 Missionaries, Expels 9

was told all the missionaries were the presidents of Cuba, Mexico and Panama.

tions but to describe the general pattern of outside support for El Salvador's guerrillas," Mr. Fischer

Among the highlights were these

accusations: Beginning in December, President Fidel Castro of Cuba ordered an increase in arms shipments to El Salvador in an attempt to disrupt the elections scheduled to take place there Sunday. These shipments were said to have reached "unprecedented peaks" after December.

· Since 1980, Salvadoran guerrillas have been trained in Nicaraua and have traveled between Managua and Havana on a daily air shuttle whose passenger load is so beavy that "a ticketing system is now required."

In April and July, Guatemalan forces captured caches of merrilla weapons, including some U.S. weapons originally shipped to U.S. units during the Vietnam War. Some of the vehicles captured with the weapons hore recent customs markings from Nicaragua.

The Nicaraguan government an-

nounced that a Nicaraguan Mora-

vian pastor, who had been under arrest for counterrevolutionary ac-

tivities, was killed when he tried to

escape from his cell in Puerto Ca-

The pastor was identified as Ol-

filario Teofilo Larus of Vuskil. His

village is in the region where the

government has relocated about 8,000 Indians amid growing

discontent over the government's

policies, but it was not clear

Indian dissidents

whether he had been involved with

UN to Hear Nicaragua

UNITED NATIONS, N.Y.

aturday that it would not oppose

(NYT) - The United States said

Nicaragua's request for an urgent meeting of the UN Security Coun-

bezas in northeast Nicaragua.

 Three Nicaraguan ships the Monimbo, the Aracely and the Nicarao - frequently carry arms and ammunition from Cuba to Nicaragua, where the arms are stockpiled until arrangements are made

for their transfer to El Salvador. The Unified Revolutionary Directorate of the Salvadoran guerrilla groups has its command headquarters near Managua and guides planning and operations within El Salvador with "Cuban and Nicaraguan officers involved in command and control."

· Santo Salome Morales, a Salvadoran guerrilla who defected to Honduras in September, said he and 12 others had gone from El Salvador to Nicaragua in May, 1980, and from there, They pro-ceeded to Cuba where they received extensive military training, together with over 900 Salva-

• The Papalonal airfield 23 miles from Managua was improved and lengthened and used for a time to fly cargo planes loaded with weapons into El Salvador. On March 3, Mr. Haig told the

cil. Nicaragua, in a request Friday,

is seeking the meeting to present charges that Washington was

threatening an imminent invasion.

Jeane J. Kirkpatrick, the chief U.S. delegate and the council pres-ident for March, said, "It is my

clear and firm intention to proce fairly and expeditiously wi

Managua's request. "It is the tradi-tional policy of the U.S.," she said,

not to oppose a hearing for so

rious questions before the Security

Mrs. Kirkpatrick warned, how-ever, that, "If there is to be a dis-

cussion of this question, we shall

have a contribution to make to-

wards that discussion." She meant that she will present the U.S. con-

tention that the Soviet Union and

Cuba are supplying arms to the

Sandinista government that, in

turn, is allegedly forwarding them to the guerrillas in El Salvador.

Traditional Policy

House Foreign Affairs Committee that the State Department had "overwhelming and irrefutable" evidence of Nicaraguan involvement in El Salvador.

The administration has held briefings on its sensitive intelligence for select groups in Congress and for prominent former officials. Two weeks ago, it invited reporters to an intelligence briefing on aerial reconnaissance photographs that it said proved a major military build-

up in Nicaragua.

The administration's problem of proving outside involvement in El Salvador has stemmed from inability to reconcile the need to give information and the resistance of the intelligence community that is concerned about endangering its SOUTCES.

It is an open secret that much of the intelligence on which the administration has based its judgments comes from intercepts of radio communications between Nicaragua and El Salvador. While that can be ascertained by reading U.S. newspapers, the intelligence community has prevailed in its insistence that a high degree of secre-cy be maintained about the nature and source of the information.

That practice was maintained in the disclosures made Saturday. The documents included a description of the organization and key personnel of the leftist forces lighting the U.S.-backed Salvadoran government and a list of comments from members of Congress and former officials who saw some of the classified information and pronounced it convincing.

But the main part was devoted to "Cuban and Nicaraguan Support for the Salvadoran Insurgen-

Angry Message

SAN SALVADOR (Renters) El Salvador has sent Nicaragua o message accusing the Sandmista government of hostile actions and denouncing what it called Nicaragua's unprecedented arms buildup as a leading threat to peace and stability in Central America.

a diplomatic note made public Sunday.

The accusation was contained in

Salvadoran Leader Calls 4 Journalists' Deaths Accidental

(Continued from Page 1)

his own inquiry into the death of the journalists. Some diplomats and colleagues of the dead journalists cootend that the four may have been killed in cold blood aftion between the army and the guerrillas

Jehovah's Witnesses maintain in Panama City. Officials at the center refused comment. Earlier, Mr. McDaniel's father Irvin said in Omaha that U.S. consular officers in Managua had called to say that his son and daughter-in-law, Nola, were flown out of Nicaragua along with other missionaries. He said the family

the others were going overland to diplomatic activity to ease the Costa Rica and included four growing conflict in Central Ameri-

bishop said journalists have the right to go to the original sources for their information.]

The autopsy report said that three of the four journalists had been shot in the bead and that the ter - oot during - a confronta- fourth had been shot in the heart and lungs. According to the report, signed

by Dr. Julio Alberto Chuvarria, The acting archbishop of the one of the journalists died of "mul-Roman Catholic Church in San Salvador, Arturo Rivera y Damas, tiple gunshot wounds that left his skull and brain completely decalled Sunday for a deeper investistroyed," another was hit by two gation into the deaths of the jourbullets in the chest that struck his nalists, the Associated Press reheart and hungs, a third was shot in ported. In his weekly homily, he the left eye and left leg, and the said Salvadorans "must condemn and lament the deaths." The arch- fourth was shot twice in the face.

Give the folks back home a picture of Europe and

save enough on the call to paint the town.

When you're having the most colorful trip of your life, let your family and friends have a "look" right along with you. Give them a call. But first, check out all the money-saving tips below, so you can give

The government said the journalists were with guerrillas who, after spotting an army patrol, opened fire, initiating a 40-minute exchange that resulted in eight dead, including the Dutchmen.

The government said three of the dead, apparently guerrillas, were buried at the scene. Two of the unarmed journalists died in the initial shooting, the government said, while two others ran down a ravine. They were cornered by the sergeant who led the patrol, the government reported, and be shot them with his M-16 automatic rifle from 25 yards.

While the autopsy report said

there were oo powder burns on the bodies, one ballistics expert in San Salvador, who did not want to be identified, said an M-16 fired from more than three feet would leave only powder traces, not burns. Such traces could be detected only by technical tests of the victims' clothing, the expert said, Such tests apparently were not made by the

The journalists were followed by a vehicle when they left the capital, sources said. Earlier, the four were questioned by security forces. Some observers have speculated that the four might have been set up by the security forces in an otempt to intimidate other journalists seeking contact with guerrillas.

West German Suspects a Trap

believed the Dutchmen fell into a trap and were killed by paramili-tary forces, Reuters reported.

drove the Dutchmen to a spot where they were to meet men as-sumed to be leftist guerrillas. Mr. not released officially, but OPEC Wertz said that he "did oot like the sources indicated that Venezuela, place" where he dropped off the Dutchmen because it was "too open, there were no trees and it bia, would make the bulk of the was visible" from the watchtowers reductions. of the El Paraiso military base.

The West German, who said he

Following the deaths, several television teams have had run-ins with security forces in the country-

Saturday, two American free-lance television reporters, working with ABC, were stopped by armed men outside their hotel as they were leaving for the airport. The two said that they were not threat-ened but that their driver was questioned closely. They said they would take a later flight and be ac-

companied to the airport by an escort from the U.S. Embassy.

More than 300 foreign journalists are in El Salvador to cover next Sunday's national elections,

squad" issued a list of 34 foreign and Salvadoran journalists as tar-gets for assassination. The four Dutch journalists were not on the

AMSTERDAM (AP) - Dem-American flag outside the U.S. Embassy in the Hague Saturday. In the Hague, several bundred protesters carried a petition to the

embassy urging an end to U.S. support for the Salvadoran government. When they were unable to hand it in because no U.S. officials were available, the protesters

burned the flag.
In Amsterdam, protesters piled flowers at the foot of crosses set up for the journalists in front of the consulate and then lit candles. Most of the consulate's windows were shattered Friday night in a more violent demonstration.

In an editorial, the Netherlands' largest newspaper, De Telegraaf, citing El Salvador's record of repression, said "oobody can have trust in the official statements of a dictatorial junta."

[A West German journalist said sources, notably Britain's North Managua Saturday night that be Sea

works for Stuttgart Zeitung and Radio Free Berlin, said that the fifth man mentioned in the autopsy report was one of his contacts. Mr. Wertz said the government did not mention another of his con-tacts, a 12-year-old boy who led the journalists to the meeting.]

and extreme rightists have expressed deep resentment of the press coverage.

The day the four journalists were killed, a self-styled "death

Dutch Burn U.S. Flag

onstrators protesting the killing of the four journalists lit memorial candles in front of the U.S. Consulate in Amsterdam and burned an

Gdansk was quiet.



Thousands Protest Nuclear Arms at Hiroshima Rally

New York Times Service TOKYO — In the largest anti-nuclear rally held in Japan, a crowd estimated at 200,000 by organizers and at 95,000 by police gathered Sunday at Hiroshi-ma to call for o halt to the nucle-

ar arms race and the abolition of

nuclear weapons.

At the rally, held where the United States dropped the first nuclear bomb on Aug. 6, 1945, Buddhist monks beat gongs, folksingers entertaioed the

crowd, and parents and children crowded around exhibitions of photographs of the 1945 bomb-

"We should not simply lament the 200,000 who died in the bombing of Hiroshima," said Seiji Yamaguchi, o survivor of the attack, but we should start a movement to ensure there are no future ouclear bomb vic-

As the crowd observed one minute of silence to pray for peace, many sprawled on the ground in Hiroshima's Peace Park, lying immobile in a "die-

Organizers, who included ac-tivists from Sohyo, the nation's largest labor group, plan more rallies this summer. They also faunched a campaign to collect 30 million signatures for an appeal against ouclear weapons to be presented at the United Nations disarmament session in the

OPEC Agrees to Sharp Cut in Production

(Continued from Page 1) pointed to monitor market conditions and compliance by OPEC

 The group promised to take unspecified action to prevent its oil from dragging down prices, such as by being dumped in the open

Disciplined' Stand

10 New York, John H. Lichtblau, president of the Petroleum Research Foundation, said many oil expects had not expected the cartel members to be "so discip-

Right now, Mr. Lichthlau said, "the world will probably not occd more than OPEC is willing to pro-duce." But he added that "within a very short time — maybe by mid-year — more oil than the 17.5 mil-

lion barrels will be needed." The OPEC ministers also agreed to reduce the price of the most expensive oil by as much as \$1.50'a barrel. This would effect almost exclusively the output of Nigeria, Algeria and Libya, whose produc-tion has been under the most intense competition from other

This price reduction was oot viewed as representing o substan-tial change in the OPEC price

[The journalist, Armin Wertz, structure or as likely to have a no-said at o press conference that he ticeable effect on consumers. Precise details on how the pro-

the United Arab Emirates and Indonesia, in additioo to Saudi Ara-

WASHINGTON (NYT) President Reagan has vetoed a bill giving him authority to allocate oil

Oil Bill Vetned

Walesa Child

(Continued from Page 1) strikes during Solidarity's 400 days as the Soviet bloc's only officially

recognized free union. Mr. Walesa was shown several

times. The commentator said at one stage that he was no longer the same man who had led the Gdansk shipyard strikes of August, 1980. He had become "a man driven by political ambition," the commentator said

The criticism ... Mr. Walesa, regarded by the Communist establishment before the crackdowo as a moderate, was the personal at-tack the Polish media has made on him, observers said.

Authorities refused to allow Western correspondents to travel to Gdansk for Sunday's christening. All accounts of events there were obtained by telephone.

'Lech Lech' The crowd outside the church

sbouted, "Lech, Lech, give us back Lech," and "Victoria, Victoria," according to witnesses. Police did oot intervene Danuta Walesa, Mr. Walesa's

wife, was clearly angered and dis-appointed by her busband's enforced absence. She claimed that Stanislaw Ciosek, the minister of trade unions, had persocally pledged that her bushand would be allowed to attend the baptism. Witnesses said there was a dis-

creet police presence on roads leading to the church, a temporary wooden structure oo the site of an old airfield. But they said there were no big

patrols in the immediate vicinity of the church. Residents, contacted from Warsaw by telephone, said

"Everyone raised their right hands when the godparents recited the baptismal oath," a oun who was present said. "I have never seen anything quite like it. Its symbolism was oot lost on anybody."

prices will result in an equitable and control prices if there was a and orderly response to a supply "severe" fuel emergency. interruption. Mr. Reagan did not want the

powers even though he would oot be required to use them. lo explaining his veto Saturday, he said the bill was based on what he called an erroneous assumption "that giving the federal govern-ment the power to allocate and set

The administration regards the controls on oil and petroleum products that were in effect from 1972, until Mr. Reagan lifted them, shortly after taking office, as largely responsible for causing gas-oline lines and producing a regulatory nightmare.

Schmidt's Party Slips Badly In Election in Lower Saxony:

(Continued from Page 1) The Social Democrats dropped

from 72 to 63 seats. lo the 1978 elections, the Christian Democrats, led by the state premier. Ernst Albrecht, won 48.7 percent of the vote, the Social Democrats won 42.2 percent and 4.2 percent went to the Free Dem-

Sunday's election, in which about four million people voted, was the first in West Germany since federal elections of 17 months ago that returned the coa- ing the lineup in Bonn, is the last lition of Social and Free Democrats to power in Bonn.

The Social Democrats lost heavily in municipal and local elections ative stronghold of Bavaria.

two weeks ago in the state of Schleswig-Holstein.

Christian Democratic Party strategists had said they wanted a straight win in Lower Saxony to boost party efforts to captime Hamburg from the Social Demo-crats in June and to defeat the leftliberal state government of Hesse in September.

The Hesse election could be the most decisive in national terms since the local Social Democratic-Free Democratic alliance: mirror-

to survive at state level. The fourth state election this year, in October, is in the conserv-

WORLD NEWS BRIEFS

Vietnam Attacks Cambodia Villages

. Washington Past Service BANGKOK — Vietnamese troops, pressing their current dry-season offensive in Cambodia, have overrun at least two strongholds of the main non-Communist resistance group battling Hanoi's three-year-old occupation of the country, diplomatic and resistance sources said Sup-

day.

The Vietnamsese thrust against a cluster of four villages collectively known as Sokh Sann represents a potentially major blow to the Khiner People's National Liberation Front, led by former Cambodian Premier Son Sann. The villages are located in southwestern Cambodia across the border from Thailand. In recent weeks the Vietnamese have pushed farther north to take several positions from Communist Khmer Rouge guerrillas who make up the bulk of the Cambodian resistance. After the main attack on Sokh Sann began with heavy shelling March

16, at least 3,000 villagers took refuge on the Thai side of the border. Western diplomatic and military sources said.

Malaysian Election Is Set for April United Press International KUALA LUMPUR — Parliament will be dissolved March 29 clearing the way for an early general election in April, Prune Minister Datuk Seri Mahathir Mohamed announced Sunday. He said campaign rallies will be

banned in the election. The ruling 10-party condition National Front has an electoral mandate until 1983, but party sources said Mr. Mahathir called an early election to seek his own mandate. He succeeded the retiring Datuk Hussein One last year. The ban on public rallies is a restriction imposed after rallies during the 1969 general election erupted into Malay-Chinese riots.

5 Rebels Killed in Tehran Clashes

BEIRUT — Five anti-government guerrillas died in clashes with sup-porters of Ayatollah Ruhollah Khomeini Sunday, and the aging Iranian leader announced he was taking a 10-day rest from official duties, Tehran radio reported,

Ayatollah Khomeini 81, delivered an address over Tehran radio Sunday in which he reviewed the events in Iran since Islamic fundamentalists overthrew the late shah in February, 1979.

The radio reported Revolutionary Guards raided a hideout in a north Tehran neighborhood where anti-government guerrillas of the Mujahidin.

Khalq battled the guards Sunday morning. Pakistan Tightens Curbs on Protests

ISLAMABAD, Pakistan - Pakistan's military rulers tightened restrictions Sunday on public protests amid signs of growing unrest. Io o series of announcements, the authorities banned for the next two months all processions in the country's second largest city, Lahore, where about 20,000 schoolteachers demonstrated for higher pay last

They also banoed o political leader from addressing the Karachi Bar Association and issued a decree setting up special tribunals to try certain

EEC Leader Accuses Britain of Greed

BONN — Gaston Thorn, the president of the European Economic Community Commission, accused Britain in a radio interview broadcast Sunday of national egoism and greed.

Mr. Thorn, a former premier of Luxembourg, said on Southwest German Radio that Britain was showing no solidarity and endangering the community in claiming for itself as much, if not more, then it put into

He was commenting on a British demand for rebates on payments out to the EEC. London has said the EEC payment requirements fail to reflect Britain's relative economic weakness

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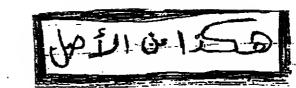
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Election-Year Politics Bring Budget Standoff

The second second

White House and Both Political Parties Play for Time on a Compromise

By Martin Tolchin New York Times Service

WASHINGTON - If the White House, the Democrats in Congress and the Republicans in Congress are to reach a budget compromise, 'eyerybody's going to have to stick their feet in the water at the same time," says Rep. Richand B. Chency of Wyoming, chairman of the Republican Policy Committee.

After days of posturing and turmoil, the ma-or elements of a budgel compromise began to emerge last week on Capitol Hill. They were almost lost amid the pronouncements of "stalemate" and "deadlock," the proliferation of alternative budgets and the chaos of conicting strategies.

Election year politics had made everyone, he White House, the Democrats and the Remblicans in Congress, afraid to make the first move, and the result was an elaborate stand-off, Each deferred to the others, fearful of anagonizing constituents to no purpose with a cost-saving proposal or a new tax measure that

· Each side feels time is on its side. The White House believes its hand would be strengthened by an expected economic npturn this spring, which would revive President Reagan's popularity and alleviate the oeed for either a tax increase or a reductioo in military spending. Congressional Democrats and Republicans also feel they will get more concessions with

also feel they will get more concessions with the passage of time.

"Obviously the Democrats aren't going to negotiate until they think they're going to get something out of it." said Sen. Robert J. Dole. Republican of Kansas, chairman of the Finance Committee.

From the outset, congressional leaders of both parties were united in rejecting Mr. Reagan's budget because they considered the

projected \$91.5-billion deficit unacceptably high. Republicans especially could out conceive of campaigning for re-election after voting for the largest deficit in history.

At first, Republicans focused on reductions in social programs, including the benefits programs, while Democrats focused on military spending and new taxes. Now there is an emerging bipartisan consensus that all those

NEWS ANALYSIS

elements must go into any budget plan, but no one wants to go first, especially without the imprimatur of Mr. Reagan.

"There's a lot of paranoia left over from the scars of last year," said Rep. Leon E. Panetta, Democrat of California, recalling the Democrats' unsuccessful efforts to negotiate a com-promise with the president on the budget and tax plans.

This year the Republicans have encountered the same problem. No sooner did Sen. Pete V. Domenici, the New Mexico Republican who is chairman of the Budget Committee, propose an alternative budget than Mr. Reagan went to Albuquerque to assail such alternatives as "po-htical documents designed for saving certain legislators" political hides rather than saving

The president's outbursts have done nothing to encourage the formulation of a bipartisan hudget. Neither has his insistence that he will neither reduce military spending nor raise tax-

But both Republicans and Democrats in Congress remain committed to the view that they must adopt a budget that sets spending priorities and targets. Consequently, they have

begun behind the scenes negotiations in an effort to lower the deficit.

The sessions have been productive. The Democrats have indicated they would be will-ing to bite the bullet on Social Security and other benefit programs, provided the initiaove came from the White House.

But the word from the White House is that any proposed reduction in Social Security benelits would have to come from Congress. Mr. Reagan was pilloried last year when he pro-posed a reduction in Social Security benefits. He now says any such reduction must await the recommendations of a study commission,

expected to issue its report late this year.

Congressional Republicans, meanwhile, have agreed in principle on the need to cut the increase in military spending as well as on the need to raise taxes. But they, too, are reluctant to formalize their position without assurances that they will be accepted by the White House.

For the present, therefore, the Republicans

continue to fear being attacked about the poor, while the Democrats fear being labeled soft on the military and overly eager to raise taxes. That is why David A. Stockman, director of the Office of Management and Budget, urged the Democrats to bring to the conference table "a solemn commitment that emergency mea-sures taken for the good of all Americans in May will not become the objects of partisan exploitation in November."

Congressional Democratic leaders have pressed for a summit conference on the budget, with participants including Mr. Reagan and the bipartisan congressional leadership. Indeed, there is little hope of a compromise until all three parties get involved in negotiations. either over a conference table or indirectly. Most people on Capitol Hill believe that could oot happen until after next month's Easter re-



Col. Jack R. Lousma, left, and Col. C. Gordon Fullerton, the shuttle astronauts, arriving in Cape Canaveral for launch.

Shuttle Countdown Is on Schedule For Today's Start of 7-Day Mission

CAPE CANAVERAL, Fla. - Both the space shuttle Columbia and its latest set of astronauts were procounced in good shape for a seven-day mission beginning Monday. The countdown was proceeding smoothly through the weekend, pointing toward a liftoff

Jack R. Lousma, 46, a Marine colonel and the commander for the third test flight of the Columbia, and C. Gordon Fullerton, 45. an Air Force colonel and the mission pilot, arrived at the Kennedy Space Center here Saturday. The two are scheduled to make 115 orbits before landing March 29 on the White Sands Missile Range

in New Mexico.
"We've come a long way," said Col. Lousma, after flying a T-38 jet trainer aircraft from the Johnson Space Center in Houston to Cape Canaveral. "And we've got a long way to go. We're ready and Columbia is ready."

Col. Lousma and Col. Fullerton are to subject the Columbia

and its systems to the most demanding tests yet. The craft will be turned toward and away from the sun, first to overheat its tail section and then, a day or so later, to undercool that same part. The purpose is to see how well equipment located there, including 6,000-pound thrust maneuvering engines, perform at temperature extremes that vary by more than 200 degrees.

Nominee for U.S. Envoy to Pretoria Favors 'Peaceful Change' in S. Africa

New York Times Service WASHINGTON — Herman W. Niekel, President Reagan's comi-cee to be the U.S. ambassador to South Africa, has told a Senate confirmation hearing that he fa-vored "peaceful change" in south-ern Africa, but his support of Reagan administration policies in the region drew criticism from two church-related groups.

The Senate Foreign Relations Committee is expected to vote Tuesday on Mr. Nickel's nomina-

Mr. Nickel, a former Time magazine correspondent and a former member of the board of editors of Fortune magazine, said Friday that revolutionary change in the region would provoke a "major crisis for our allies and ourself and

risk turning Africa into a theater of confrontatioo for the major

He said a policy of "constructive engagement," using U.S. economic involvement as a means of in-fluencing South Africa, was the preferred way of ensuring peaceful change in the region.

Willis H. Logan, director of the Africa Office of the National Council of Churches, questioned wbether Mr. Nickel would have the respect of black residents of South Africa, And Jean Sindab, executive director of the Washingtoo Office oo Africa, another church group, criticized Mr. Nick-el for his commentary on the positive effect American businesses could have by remaining involved in South Africa.

To Assert Apartheid In his address, which was nouceably more forceful and direct than the speeches he gave when he was obliged to support Mr. Botha, Mr. Treurnicht never once mentioned the prime minister's name. But he

By Joseph Lelyveld New York Times Service

7,000 Rejoice at Rally

Of New S. Africa Party

PRETORIA — Andries P. Treumicht, the dissident Afrikaner leader who was removed from the governing National Party several weeks ago, drew one of the largest political erowds that white South Africa has seen in years for the founding during the weekend of his new political party.

About 7.000 people jammed a cavernous pavillion at a fairground here Saturday, rising repeatedly to their feet io thunderous applause as Mr. Treurnicht reasserted the traditional apartheid ideology that Prime Minister Pieter W. Botha has been reinterpreting and, in the opinion of rightist diehards, dilut-

"We reject the idea of an open society." the former elergyman de-clared, "and we oppose all political pressure to enforce integration in the social and political spheres and to bring about multiracialism in South Africa."

Break Over 'Power-Sharing'

Mr. Treurnicht had been a Cabinet member and the leader of the governing party in the Transvaal. the most important of South Africa's four provinces. His break with Mr. Botha last month was over the issue of whether the party's policy could be stretched to countenance "power-sharing" with the two smallest groups of nonwhites, the persons of mixed race, who are called coloreds, and with South Africans of Indian descent.

The Transvaal leader tonk the view that this would open the way to power-sharing with the black majority, which accounts for more than 70 percent of the total population. He was then stripped of his leadership positioo — after Mr. Botha forced a confrontation in the proviocial committee that runs the Transvaal branch of the National Party — and expelled from its parhamentary caucus, along with 15 supporters.

But oo Saturday, Mr. Treurnicht was able to demonstrate that his popular support in the Transvaal was far greater than the backing he had managed to muster within the apparatus of the governing party.

Clear Battle Lines

Since becoming prime minister, Mr. Botha has never drawn a crowd that approached, in either size or enthusiasm, the one that his rival addressed here. It broke into deafening, rhythmic applause as Mr. Treurnicht inscribed himself as the first member of the new party, the name of which will be the Conservative Party of South Afridrew clear battle lines on issues of constitutional and educational reform, always emphasizing the

theme of racial separation. If nonwhites were eventually admitted into a multiracial Cabinet under the constitutional proposals that are still being drafted, they would be in a position, Mr. Treurnicht pointed out, to give orders to white officials. "That is unacceptable." he thundered, to yet another standing ovation.

At least three times in his speech Mr. Treurnicht denied that there was anything racist about the new party's viewpoiot, "There is a difference between love of your neighbor — that is imperative and national suicide," he said.

The identity and security of whites were now being under-mined, he warned, in response to pressure from overseas. Mr. Botha's supporters speak of the need to demonstrate a willingness to change so as to encourage the Reagan administration in its policy of "constructive engagement."

Mr. Treurnicht was clearly alluding to that argument when he pledged, "we are oot going to be intimidated."

He was joined on the platform by Cornelius P. Mulder, his predecessor as Transvaal leader of the National Party, who was pushed out of the Cabinet and party by Mr. Botha after being implicated in a scandal lovolving a secret fund in the information depart-

Mr. Mulder declared his readiness to merge a uny political party he has since founded, the New Conservative Party, into Mr. Treurnicht's movement.

Speakers representing other right-wing splinter groups an-nounced that they would do the same. The widow of Hendrik F. Verwoerd, the prime minister who fashiooed the apartheid doctrines that Mr. Treumicht oow supports, sent a telegram of support. But former Prime Minister John Vorster, who backed Mr. Treurnicht against Mr. Botha on the issue of "power-sharing," did not attend.

Also missing was the leadership of the extremist Herstigte National Party, which won one-third of Afrikaner votes in the Transvaal in last year's general election. The likelihood oow is that there

will be three strong rightist parties, including the governing party, competing for Afrikaner votes in

U.S. Arms-Cost Estimate Rises \$114.5 Billion

Los Angeles Times Service WASHINGTON — The minmaterial cost for a major portion of
the Reagan administration's military buildup is expected to be
\$114.5 billion higher than estimate WASHINGTON - The ultied three months ago, the Pentagon

has reported.

Defense Department officials said that the cost increase for weapons to be purchased over the next 15 years, is already reflected proportionately in the administration's proposed \$257.5-billioo budget for next year and in the projected \$1.5-trillion cost for the military over the oext five years.

The officials, who briefed re-The officials, who once to provide the eventual cost of 44 approved weapons systems at \$569.4 billion. They said

Affiliat Arthis revised estimate took into account plans to purchase more weapons than were reflected in a similar report three mooths ago, Congress requires reports four times a year on the estimated total costs for weapons programs. The new report was the result of the

such reflected the cost of increased purchases of planes, tanks, ships and missiles that the administration has ordered.

New Inflation Estimates

In addition, the report released Friday took into account new estimates of the effects of inflation during the next 15 years, which Pentagon economists expect to be higher than previously anticipated.

The officials, who briefed reporters on the condition that they not be identified, suggested that previous cost-estimate reports to Congress had oot been completely accurate. "These reports are always more accurate around budget time," said an official, explaining the sudden increase in estimated costs since the last report was issued in December.

The increased purchases of weapons planned by the administration are substantial, and have not yet been detailed completely in public. According to the cost estifirst complete annual program-ming and budgetary cycle by the the administration program calls

years of nine more guided missile frigates, 3,350 additional To-mahawk nuclear Cruise missiles, 930 more ground-launched ouclear Cruise missiles, and 630 more F-15 fighter aircraft.

> If the study had not considered the effects of inflation and decisions to purchase more weapons, the officials said, the 15-year cost estimate for the 44 weapons sys-tems would have shown an increase of \$9.4 billion, or 4.8 percent, during the past three months, They said this increase was mainly attributable to eogiocering changes in the weapons.

They said \$15.9 billion of the increase reported Friday was due to a decision to use a higher estimate of inflation than has been used in previous estimates. The oew infla-tioo estimates range 1 or 2 percentage points above previous evaluations for 1983-1987.

The officials said they were not ready to release oew cost estimates of two of the most controversial weapons projects, the B-1 bomber program, previously estimated at \$39.8 billion, and two new nuclear-

powered aircraft carriers, previously priced at \$6.8 billion. But they said both program costs were in-cluded in the total of \$569.4 bil-

Among programs with excep-tionally high cost increases reported by the Pentagon Friday were the following: The F-14 fighter program, which increased from \$12.2 billion to \$35.8 billion, mostly reflecting a decisioo to buy 336 additional air-

 The Tomahawk missile program, which tripled in price from \$3 billion to \$12.5 billion, reflecting increased quantity, higher

costs for engineering and testing, and higher inflation rates. • The F-15 fighter program, which more than doubled in price, from \$15.3 billion to \$40.5 billion because of increased quantities, higher prices for spare parts and additional engineering.

• The F-16 lighter program, which doubled from \$20.3 billion to \$40.9 billion because of inereased quantities and "estimating

Californians Take Lead in Shunning Draft Call

By Jay Mathews Washington Post Service
PASADENA, Calif. — David Wayte has gone further than most of his West Coast cootemporaries in opposing draft registration.

He demonstrated in front of a

Santa Cruz post office. He sent Bresident Reagan a letter declaring plats defiance of the law. He law the law to devote more time to the draft-resistance

But as one of California's more han 100,000 nonregistrants, Mr. Wayte has helped create a sociological — and perhaps political — phenomenon that has Selective Service officials here scrambling. As of last Oct. 1, only 51.2 percent

By Adam Clyrner

New York Times Service

NEW YORK - The American poblic is registering sharply in-reased concern about President

Reagan's foreign policy record and generally disagrees with his

inyielding budget positions on axes and arms spending, according to the latest New York Times-IBS News Poll.

One of six polled expressed the ear that Mr. Reagan would get the Juited States into a war in El Sal-

ador or elsewhere in Central america. More broadly, 40 percent

lisapproved his conduct of foreign

dfairs; 37 percent approved. In anuary, 52 percent approved.

The poll, taken March 11 to 15.

ndicates that four of five Amerians consider the budget deficit or the fiscal year 1983, projected

a \$91.5 billion, as "something we

There were differences with Mr.

y in Central America.

hould worry about."

of 18-year-old men in the nation's most populous state had registered for the draft — far below a 77-per-cent national average and lower than any other state or the District

Service, But the abundance of noshows in California has so stunned state officials that last month Gov. Edmund G. Brown Jr. issued a warning of the criminal penalties involved, and Selective Service officials launched an energetic publicity campaign.

A spot-check at 20 Los Angeles post offices showed that since the publicity campaign got under way, the average daily registration has been climbing from 54 to 150 for each post office. But the state's registration rate is still expected to lag behind the nation's.

Coming a close second to California in the percentage of nonre-gistrants was the District of Col-umbia, where only 53.9 percent of

Bill Smith, a Los Angeles attorney who co-chairs the Committee Against Registration and the Draft, attributes the District's low rate of registration to its large black community, where, he said,

18-year-olds had registered as of

draft resistance is very strong. **Publicity Blitz**

California's low percentage of registrants, be said, may stem not only from the long history of op-position to the Vietnam War in the state, but also from an unusually well-organized draft-resistance campaign in the state's major cit-

Joaquin Matias, 18, said man of his fellow seniors in high school had ignored the public appeals to register. "They joke around and say they will fly to Canada," he said. "A lot of them just don't take it seriously."

vice. But he said the major problem had been not a "lack of a sense of purpose or responsibility, but that large urban areas are hard to penetrate media-wise."

blitz, which included Spanish-lan-guage broadcasts in California's huge Hispanie community, have done much to close the gap, Col. Abrahamson said, although new figures will not be available until

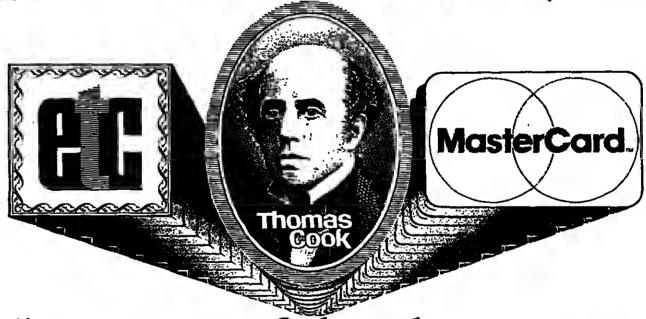
Even among older registrationage men such as Mr. Wayte who have had a long time to register, California lags behind the national rate: 84 percent of men bom in 1960 companed with 91.6 percent nationally, for example.

man said 150 letters warning of the consequences of failing to register had been sent to persons such as Mr. Wayte who have made public announcements or written letters the government identifying themselves as registration resisters. The Justice Department will need however, President Reagan's authorization to learn through Social Security records the names of thousands of other nonregistrants.

Smoking in Diner Cars

last year, the state-run network said Sunday.

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Thomas Cook

Travellers Cheques The accepted name for money. Worldwide.

Thomas Cook, A member of Midland Bank Group.

French Policeman Slain by Gunmen The Associated Press

BAYONNE, France - A French soliceman was mortally wounded ind another seriously injured vben their car was shot at by three jummen over the weekend.

Police said the three men atacked the police car with submahine gun fire as it was leaving a iotel in St. Etienne-de-Baigorry, 0 kilometers (48 miles) from Baynne, on a routine patrol early Sat-

The police were members of a brought in recently to inrease frontier surveillance in the "We maybe are a bunch of free, hberal thinkers here in California," said Keith Lamb, head of the state

Selective Service program, after the figures, based on census and registration data, came out. 1 think California has a traditioo of dissent," said Mr. Wayte,

who faces a penalty of up to five years in jail and a \$10,000 line. Of 7.1 million 18- to 21-year-old

Americans required to register, 925,000 had not done so as of February, according to the Selective

Poll Says Support for Reagan Falls Reagan in two budget areas that he has insisted are untouchable. By

> income taxes that is to take effect in July, while a plurality, 49 per-cent to 41 percent, backed a reduction in Pentagon spending.
> In addition, the respondents, by a 2-1 margin, rejected further reductions in federal programs designed to aid the poor. This is one area of federal spending in which Mr. Reagan's proposed 1983 budget now calls for further cuts and in which he has invited Congress to

make new reductions. At the same time, approval of Reagan Hits Back At Critics of His Civil Rights Policy

That two-month period of deline was marked by increased admistration concern, and inreased news coverage, regarding
vents in El Salvador and the elecions in Guatemala, along with
proving protests against U.S. poli-New York Times Service WASHINGTON - The Reagan administration has begun a counterattack on its critics in the civil rights movement as voting-rights legislation reaches a critical stage

before a Senate subcommittee.
In separate speeches this month,
William French Smith, the attorney general, and one of his top aides accused the critics of unfairly impugning their integrity with inaccurate, divisive charges. Cabinet officers and White House aides say the administration is worried about the political potential of the civil rights issue in this year's elec-

In February, the Leadership Conference on Civil Rights accused the administration of a systematic retreat oo civil rights. It said the Justice Department had allowed its decisions to be corrupted by "undue political influence."

rather than merely to demonstrate

a discriminatory effect,

Mr. Reagan wants to require that minority groups prove that lo-cal authorities intended to discriminate, at least in places where there was no history of discrimination,

the president's job performance and confidence in his economic a margin of 53 percent to 32 per-cent, the respondents favored elimprogram continued to slide. The program continued to slide. The latest poll, consisting of 1,545 individuals interviewed by telephone, showed 43 percent approving his handling of his job, down from 49 perceot in January, and 42 percent disapproving. Fifteen percent had no opinion. Forty-eight percent of whites and 7 percent of blacks approved, two new lows for Mr. Reasen. inating a 10 percent cut in federal

Reagan.
Almost a year ago, 67 percent of those polled approved the way Mr. Reagan was handling his job, but that figure, in the Times-CBS News Poll of April, 1981, was almost surely affected by sympathy that followed the attempt on his

Mr. Reagan's approval level for job performance now is a shade below Jimmy Carter's after a nearly equal period in office, in April, 1978, when it was 46 percent. Recent presidents have tended to lose approval just a bit faster than their produces sort.

predecessors.

A similar decline was found in public confidence that Mr. Reagan's economic program would eventually work. But here a majority still stuck with Mr. Reagan: 54 percent believed it would succeed, down from 60 per cent in January Unhappiness with the economy, which grew most sharply among Republicans and high-income respondents, appeared to account for the bulk of the Reagan decline.

Seventy percent of those polled

identified some economic issue as

the most important problem, with

about half of them citing unem-One modestly bright spot in the poll for Mr. Reagan was approval of the concept of transferring the handling of some major federal programs, including aid to De-pendent children and food stamps, from the U.S. government to the state governments. This idea was supported, 54 percent to 36 percent, even though 76 percent of those polled believed it would cause state taxes to be increased.

"Maybe lack of parental gui-dance does impact on it," said Col. John Abrahamson, western region-al manager for the Selective Ser-The Selective Service's publicity

at least April.

A Justice Department spokes-

British Railway to Ban

LONDON - Smoking is to be banned in all restaurant and buffet cars on Britain's railways within the next few weeks, after a sixmonth trial in the western region

Bars in the refreshment cars will continue to sell cigarettes and cigars, but they may only be smoked in the dwindling oumber of smoking cars. These oow make up about percent of long-distance trains and 25 percent on commuter lines.

Monday, March 22, 1982 *

A Cloud of Doubt

The issue of yellow rain continues to bubble away, casting a miasma of doubt over Soviet adherence to treaties on chemical and biological warfare and eroding U.S. appetite for arms control treaties of any kind. But the Reagan administration, which defined the issue, has produced an astonishingly confusing and incomplete set of evidence.

Refugees from Laos and Cambodia have long reported being attacked by a variety of lethal chemicals, including one known as yellow rain. Last September the State Department announced it had at last identified the poisons in yellow rain as certain fungusmade toxins. Facilities to manufacture them exist in the Soviet Union but not in Southeast Asia, the department asserted.

Since the State Department case rested on analysis of material from a single leaf and twig, further evidence was awaited with some eagerness. In November, four more samples of yellow rain were produced. Like the first, they contained fungal toxins in quantities measured in parts per million.

The department told a Senate committee that there was a perfect fit between the symptoms reported by the refugees and the known effects of the toxins in animals. Later, ABC News obtained a sample of its own.

What does this evidence amount to? The numerous reports from refugees strongly indicate that chemical weapons of some sort have been used. Assuming that there have been deaths, could the fungal toxins of yellow rain be the cause?

From what is known so far, the answer is almost certainly no. The match between the symptoms and known effects of the toxins is far from perfect. The toxins detected are present in such minute amounts that the possibility of a lethal dose being delivered to a

clothed human by yellow rain, as analyzed, seems virtually nil. If yellow rain is lethal, it

must be because of other poisons it contains. The fungus toxins so far identified account for a minute fraction of the samples. Of what does the other 99.9 percent consist? Why has the administration been unable to perform a more complete chemical analysis? To rest one's case on fungus toxins is to risk being unpleasantly surprised by whatever else the substance contains.

Is the examined yellow rain authentic? Since the State Department declines to say how it obtained its samples, the question is worth bearing in mind.

Is yellow rain a natural substance? Probably not, but the possibility cannot yet be entirely dismissed, the man-made chemical detected in the ABC sample could have come from the rubber stopper of the bottle in which it was carried.

Who could make yellow rain? Almost anyone, it would seem. But for what purpose? To perplex the State Department? As a kind of home-made poison against the rats that consume much of the rice crop in Southeast Asia?

In offering conclusions on the basis of half-digested evidence, the State Department risked placing itself in a false position as well as precluding discovery of whatever agents are indeed being used against the popula-tions of Laos and Cambodia. The administration is about to release a report on chemical warfare that may clarify and extend what it knows about yellow rain. Should it fail to do so, the wise course would be to appoint a panel of outside experts competent to make sense of the available evidence, and direct the search for more.

THE NEW YORK TIMES.

More on the Anecdote

Mr. Reagan, right on schedule (within about a year of any president's inauguration, terminal disillusion with the news media sets in), let the television networks have it the other day. There have been Reagan expressions of despair concerning the print press recently as well. The newest complaint is that television is presenting a distorted, alarmist picture of the U.S. economic condition and, in the process, could slow the recovery.

Before the ritual, self-pitying shrieks of the media are heard, it would be nice if for once we could stay calm. It is the most natural thing in the world for a government whose every action is dogged and described by others - not always fairly and, if fairly, not necessarily flatteringly — to resent it, to see a better side, to rage at the fact that all the mitigating and complicating factors it knows about are not included. And where is it written, anyway, that presidents are not allowed to beef, and beef in public, about the quality of the coverage?

To us, the crucial questions concern the substance of what Mr. Reagan said, not his God-given, inalienable and uninteresting right to say it. This is because, at one level, the president was actually charging the media with doing precisely what the media and others have charged him with doing: arguing from anecdote, reaching large and sweeping conclusions on the basis of individual and possibly atypical cases. The president complained that a recent hard-luck-story fellow who appeared on television, complete with weeping wife and disconsolate children, had not in actual fact been victimized by the particular act of government that the program

suggested he had been. All of the foregoing only seems to prove what we regard as the newly emerging Rule of the Anecdote. Its invariables are these: The story itself will turn out to have something wrong with it. However, even though it does, some other story in which the identical set of things happens certainly exists and is certainly true and will certainly in time be dredged up. There is somewhere, in other words, at least one accurate and one inaccurate version of every anecdote the mind of man has yet to conceive, and this tells you absolutely nothing about how good or bad things are for large numbers of people not included in the anecdote.

Our guess is that people in Washington are always looking for a flesh-and-blood illustrative case because they are so sick of the bloodless statistics and trends and abstractions that are the stuff of political discourse. But the unpleasant fact is that those statistics and so on can tell the story. And in the general area the president was complaining about, they just happen to tell a story at variance with the one he wishes were true.

"Is it news," Mr. Reagan asked, "that some fellow out in South Succotash someplace has just been laid off that he should be interviewed nationwide?" Unfortunately, it is not news - not news in the sense of being either distinctive or uncommon. They're being laid off in East Succotash, too, and -North Succotash and West Baked Potato. There is, in short, much hardship proceeding from parts of the president's program, and much anxiety about worse things to come.

The president says he resents the implication that he is personally some sort of insensitive, uncaring man on this score. We believe him when he says he isn't. We also believe it is insensitive and uncaring to try to belittle the economic ordeal so many Americans are enduring. The only way to square these two beliefs is to hold yet a third — namely, that the president doesn't know how bad things are. He had better find out.

THE WASHINGTON POST.

Journalists in El Salvador

Journalists covering wars in far away places could have been killed accidentally in battle, tend to insist they are neutral bearers of messages. In the conditions of an El Salvador at war, however, none of the local parties concedes that degree of detachment, nor the protection meant to go with it. The guerrillas who arranged to receive a Dutch television crew last Wednesday did so not out of devotion to the journalistic calling but with an eye toward propaganda. There can be little doubt that the four members of the crew understood this. They were caught, Salvador authorities later reported, in a battle - conceivably in a battle they had meant to film and they died. Few of the tens of thousands of Salvadoran victims of the war have been individually mourned abroad, but we of the journalistic fraternity may be forgiven for

caring for our kind. Except that, in El Salvador, such relatively simple explanations are never the whole of it. Who killed the journalists? It is characteristic of the layered reality of the place that they

the guerrillas could have killed them to discredit the junta, or the authorities could have killed them in anger at the foreign press. A certain weight is given to the last possibility by the nature of some of the wounds, suggesting close-up mutilation, and by the fact that the crew's producer had been interrogated by Salvadoran police after his name had allegedly been found on the body of a dead guerrilla. Many Salvadorans believe the international press is losing them the "war" for international opinion. Even as the Dutch affair was breaking, a rightist group circulated a "death list" of foreign and Salvadoran journalists.

As always, facts are the only good way to put down baseless rumors and suspicions. Facts on incidents like these are extremely hard to come by in El Salvador. Once again, the junta's responsiveness to legitimate foreign opinion will be under heavy test.

THE WASHINGTON POST.

March 22: From Our Pages of 75 and 50 Years Ago

1907: Vanishing Iranian Money

TEHRAN - The National Bank founders today had a long audience of the Shah on the subject of the loan. They promised to provide the money within a few days. In the debate on the finances at today's sitting of the Assembly, the president said the revenue from taxation many years ago, when everything was exceedingly cheap, amounted to £700,000. Now that the population had increased, commerce developed and prices risen, the revenue should have gone up to at least 20 times the former figure. What, he asked, was the explanation, and where did the money go? At this point the members of the new Cabinet, with the exception of the war minister, entered the hall and were presented to the Assembly.

1932: Wets, Drys Fight It Out

WASHINGTON - Legalization of 4 percent beer will be favorably reported by a subcommittee of the Senate manufactures committee, it was revealed here. The subcommittee issued a stinging indictment against speakeasies, declaring they are breeders of contempt of law and that they would be driven from existence if the manufacture and sale of beer was legalized. The report also charged that prohibition had brought wholesale crime and drunkenness. Dry leaders are confident that the entire committee will defeat the report, but the wets maintain that in view of the desperate financial plight of the government, many drys will vote for the measure as a means of producing revenue.

Questions on U.S. Policy Toward East Worry Hungarians

BUDAPEST — Conversations with Hungarians these days, whether they are party leaders, government officials or private citizens, carry a note of anxiety and pessimism over the plight of their small Communist country cangut in the East-West

Hungary's worries pose questions for policy-makers in Washington to which no clear answers have emerged: Is it U.S. policy to treat the East bloc as one big Soviet satrapy, to be punished as a whole for what is going on in Poland? Or is it U.S. policy to recognize and exploit the divergences that exist within the bloc, and to avoid forcing the countries of Eastern Europe into more dependence on Moscow?

"So far, I will say that there has been no change in our direct relations with the United States as a result of the events in Poland," said Gyala Horn, deputy head of the foreign relations department of the Hungarian Socialist Workers' (Communist) Party and a key figure in directing Hungary's for-eign policy. "Our relations are quite normal, and I do not see any change in the attitude

of the West toward Hungary.
"But the atmosphere in which those relations are conducted is another matter. For example, Hungary has always paid its debts, and we are not in the same category at all as Poland. We believe we are a good credit risk, yet we see some circles acting more cantiously than before on the question of further loans, and we must conclude that they take their lead from governments."

"Is it news that some fellow out in South Suc-

cotash someplace has just been laid off that he

SOUTH SUCCOTASH — The heavy hand of winter still hangs over this pastoral village in northern Minnesota where the men are

staunch Republicans, the women are merely

staunch and the children believe John Belushi

died of natural causes. It is a special place that

Our story begins on a Monday morning in early March when the South Succotash Sav-

ings and Loan lost its last depositor. Just be-

fore noon, 83-year-old Mrs. Katrine Bergmeis-

ter withdrew the \$11.06 that was in her Christ-

mas Club, saying, "I know you need the mon-ey, but the Donahne show just had a special segment on money market funds."

By nightfall the 106-year-old bank, a two-

story landmark towering over Succotash Square, was no longer. In its place were the computerized teller machines of the North

Global Interstate Banking Conglomerate and

When he arrived at work the next morning

31-year-old chief teller Lars Bjorn learned that

there was no place for him in the new order.

Lars, a strapping six-footer with blond hair, deep blue eyes and a lopsided grin, was a twofer — a victim of both high interest rates

The Bjorn family adjusted to this turn of fate with the cheerfulness characteristic of South Succotash. Lars filed for \$143 a week in

tax-free unemployment benefits. His wife Mathilde answered a magazine ad to address

envelopes at home. The two Bjorn children -

Coca-Cola Bottling Co. Inc.

and the computer revolution.

Time forgot, but Newsweek remembered.

should be interviewed nationwide?"

By Don Cook The question of future Western loans and credits furnishes a test case on whether the

United States plans to treat the East bloc. There is justification for Hungarian conpern, for it is clear that there are hard-line ideologues in Washington who are arguing that a tough policy on credits from the West against all East bloc countries will increase their economic demands on the Soviet Union, worsen the drain on the Soviet economy, further slow economic growth in the bloc and force restraints in Soviet behavior.

Moreover, Hungarians have recently seen what may well be an example of such a policy in the making U.S. Secretary of State Alexander M. Haig Jr. made a much-publi-cized visit to Bucharest and delivered a par on the back for the independent foreign policy line that is regularly proclaimed by lae Ceausescu, But immediately after Haig returned to Washington, the Reagan administration turned down a Romanian application for credit for food purchases.

A test for Hungary will come when its application to join the International Monetary Fund and the World Bank comes before the IMF governors in Washington in the next two or three months. Romania is aiready an IMF member. Hungary's application constitutes an important step in its long, careful process of economic liberalization and normalization of monetary relations with the West.

Will the United States block the applica-

Fear and Loathing in South Succotash, Minn.

By Walter Shapiro

that the Reagan revolution had already elimi-

membered with a special fondness in the Bjorn household at 17 Forest Primeval Lane.

Mathilde introduced Lars to the wonders of

"General Hospital." While the children were

at school, the couple also tried out some of the

marriage-encounter techniques featured on "Good Morning, America." And Lars finally

does not last forever. The door bell rang on a

dark, overcast Friday morning while Lars and

Mathilde were watching a "Leave It to Bea-

ver" rerun. There on the doorstep was ABC

correspondent Nick Nightline.
Without introducing himself, Nightline immediately launched into his standup: "Tm

here in South Succotash, Minn., standing in

front of the modest home of Lars Bjorn - a

casualty of Reaganomics. Until Monday, Lars

was a respected banker in this jerkwater town. Now he and his family must share the heart-

break and the agony of unemployment. What

makes their privation and despair particularly

ironic is that the Bjorns are registered Republi-

cans. Lars, share with us how it feels to be so

eyes began to tear. The cameraman, sensing

poignancy, moved in for a close-up. Lars stammered for a moment: "I-I-I'm not import-ant. I'm not news. We're doing okay. Watching

a little TV, fixing things up around the house. Went down to the bank yesterday, for old times' sake, but there wasn't anybody to talk

By now, Nightline, who had been allocated
78 seconds for his "Real American Suffering"

to, just those funny machines."

Unaccustomed to television lights. Lars'

betrayed by a president you once trusted."

But even in South Succotash, tranquility

fixed the broken flagstone on the patio.

Wednesday and Thursday will always be re-

nated child labor laws.

tion, in line with a policy of monetary sanctions against Eastern Europe? Some U.S. Treasury officials are prepared to recommend just that

In a quiet but persistent way, Hungary has been sending the West signals to the effect that it desperately wants to preserve good relations no matter what happens to Western relations with Poland and the Sovi-

Even the way Hungary played its hand at the Madrid conference reviewing the 1975 Helsinki agreements was subtly different from the behavior of its colleagues. The Hungarians spoke out in defense of the Polish authorities' right to impose martial law. but they took no part in the procedural maneuvering the Soviet Union and Poland devised to cut off debate.

All in all, Hungary in its quiet, careful way has the best record of all the East bloc states in living up to the Helsinki commit-ments. True, this is a one-party Communist state, but the atmosphere in Budapest is devoid of repression or fear, just as it is devoid of any personality cult in connection with the national leader, Janos Kadar.

True, too, the Hungarians have never attempted the technique of Ceausescu, loudly proclaiming a line different from Moscow's ou many foreign-policy issues. The Hungarian game has been much more subtle, tinged with memories of how the Soviets crushed the uprising in 1956. The Hungarians are contemptuous of Coursescu's tactics.

"He makes all these declarations of a dis-ferent line from Moscow and it gets his fantastic attention and favors in the West. but it has absolutely no influence on the Soviet Union at all," one said. "The West never seems to notice that he goes on running the roughest police state in Eastern Europe with one of the worst records of soone management, the poorest country in the Warsaw Pact.

"Here in Hungary, Kadar has done just the opposite. He knows that he cannot pos-sibly influence the Soviet Umon in foreign policy, even if he wanted to try, so he plays close to the Soviets in order to gain more room for maneuver with his program of internal liberalization and reform."

Bigger Contribution

In the end, who is making a bigger contribution to detente — Ceausescu, with his for-eign-policy statements and his police state or Kadar, with his foreign-policy loyalty to Moscow and his multiple-entry visus for U.S. journalists, his 2.5-million Western withtors a year and his policy of allowing him-garians passports for one visit a year to fife

No wonder Hungarians worry out ford that U.S. policy might bring them, then economy and their reforms back into the suppressive embrace of Moscow. @1982, Les Angeles Tienes.

— Letters — Response to Pell

In his article "Is U.S. Policy Spreading the Cuba Contagion." (IHT, Feb. 27, 28) Claiborne Pell seems indeed to be repeating the "Cuba Contagion" by repeating the misinformed mouthings of those who, for idealistic reasons, would mortgage the ultimate se-curity of the Caribbean (and ulti-mately the U.S. via the Panana Canal and its access routes) to the blandly mischievous and vague

promises of a mountebank.
The United States did NOT drive Cuba into the arms of the Soviet Union. If Mr. Pell studies the history of the Cuban Revolution and its aftermath he will learn that despite every effort by the U.S. to win over Castro, it was Cuba, un-der Castro's leadership and under guidance from Mescow, who spurned every U.S. effort at establishing friendly relations.

From the beginning the U.S. "tilted" toward Castro as a result of the publicity he received from Herbert Matthews and others who portrayed him as a noble good Sa-Shortly after Castro triumphed

and in an almost unprecedented move, the U.S. told Castro that it was ready immediately to recognize his government; he was received at the White House even before this by the then Vice President Richard Nixon who offered him vast sums to help Cube back on its feet. This offer was scornfully refused by airwaves to the cyfi-cal rebel yell of the insurgents. Nothing was done by the U.S. when Castro cut off all possibility of payment of legitiante commer-cial debts to the United States, leading private U.S. business to no gretfully cut off credit to old and trusted Cuban customers. Castro interpreted this as the U.S. desire to wreck the Revolution. The U.S. then meekly accepted the confiscation of close to \$1 billion in a and only much later started to weact defensively by banning trade

PELAYO RIERA

Arens' Past

A headline (IHT. Feb. 13-14) hails Moshe Arens, the new Israeli ambassador to the United States, as "a good explainer." In the bedy of the article it is casually mentioned that in Israel in 1948 "he injured the undergrand I have been as the content of the medianed joined the underground Irgun Zwai Leumi, headed by a fiery militain

named Menachem Begin."
By common usage, "militant indicates a person aggressively dedicated to a cause. The Irgun was in fact a terrorist gang, one of whose notable accomplishments was the massacre of 250 ment, women and children in the Arab village of Deir Yasin on April 4, 1948, five weeks before the outbreak of the Arab-Israeli war of J.M. BRADLEY.

segment, had enough tape. Turning his best profile to the camera, he said, "Lars Bjorn, ob-Sean, 8, and Buffy, 7 — bicycled out to the Burger King at Succotash Plaza to apply for work. They were under the misapprehension Bjorn's letter right before giving an interview in Oklahoma. The rest is history. ©1982, The Washington Past. viously stunned by his pink slip, tries to Real Lessons to Be Learned From Succotash Point, R.I.

WASHINGTON — President W Reagan is sore at reporters these days, and no wonder. They keep reporting what he says, which is often more harmful to his cause than the things his opponents say

"Is it news," he asked in Okla-homa City, "that some fellow out in South Succotash someplace has just been laid off that he should be interviewed nationwide?"

You bet it is. Somebody at The Washington Post had the good judgment to check the postal records and found that there actually was a place called Succotash Point in Rhode Island, where the unemployment rate had jumped two points in the last year, and that the unemployment rate in Rhode Island was almost 10 percent.

This is one of the problems of any president. Policies that may look good from Washington, D.C., for the nation as a whole may be intolerable in Washington, Pa., or Washington, Ind., or Succotash, R.L., which happens to be in Wash-

Not for the first time, Reagan

Letters intended for publica-tion should be addressed "Letters to the Editor," and must include the writer's address and signature. Priority is given to letters that are brief and do not request anonymity. Letters may be abridged. We are unable to acknowledge all letters, but value the views of readers who submit

was embarrassed by concentrating on economic theories and statistics and evading their consequences on people. Quickly, as usual, he real-ized that he was in a jam, and in his amiable way, he praised report-ers and recalled that he had once been "a reporter, columnist, and commentator myself" and had then switched to politics. Soon he may wonder why.

Tight Corners

Reagan is very good at getting out of tight corners, having had so much experience. Any day now, he will probably be proclaiming that succotash is his favorite vegetable. But in fairness, he is raising some important questions about the reporting of public affairs in this country that the media should not Is the media - that offensive

word - being fair? Is it concentrating too much on what goes wrong at the local level and ignoring the general interest of the nation? Is it focusing on policies — as Reagan thinks it should rather than on personalities? Is it giving politicans more praise than they deserve and more blame than they can bear?

In short, is the media paying enough attention to the fundamental questions of nuclear arms control, economic stability and the hunger and torment of the majority of the human race — which the president now has to deal with or is it merely grumbling about the By James Reston

failure of governments to deal with these complicated questions? It's not easy for reporters and editors to be lectured by Ronald Reagan for their emphasis on per-sonality and superficiality, since he has built a political career on both, with the help of the media. It's particularly difficult for reporters and editors to accept his advice to "trust us" in implementing an eco-nomic and foreign policy that is questioned not only by the media but by many of his own allies,

Even so, the newspapers and the radio and television networks should not complain when they are asked to consider whether there is a conflict between their traditional ways of reporting the news and the government's responsibilities of trying to maintain the peace at home and abroad

tradition of skepticism and even defiance toward political power is valid. After all, the pamphleteers were ahead of the politicians in the fight for the independence of this country, and this tradition still dominates the press, radio and television.

Little Towns

project a brave front. But you can sense his torment as he confronts a life without hope. This is Nick Nightline for ABC News among

the unemployed of South Succotash."

By midafternoon, Lars had taped similar interviews with NBC and CBS and the front

lawn looked like the aftermath of a rock con-

cert. The family had also been visited by re-

porters from Newsweek, The Minneapolis Tri-bune and The New York Times. The Bjorn

children had been followed home from school

forced to give a news conference on the front

stoop before leaving for the unemployment

office. When he was finally allowed to get into

the family Toyota, he was followed by three

network camera crews, six Hertz cars and a press bus. The entourage caused the worst traf-

fic jam in the history of South Succotash — a virtual gridlock outside Touy's Barber Shop on

tic action was needed. Mathilde wanted to call

the governor. Sean and Buffy suggested getting

in touch with Spiderman. But Lars decided to

write the president, saying, "I read in the pa-pers that Mr. Reagan only works three hours a day, so he'll have time to read my letter."

the bathroom window, shinnied down the

drainpipe and crawled to the nearest mailbox.

"Dear Mr. President: I'm being held under

house arrest at my home in South Succotash. I

haven't committed any crime. I'm a good Re-

publican bank teller who just happened to lose my job. Now the media won't leave me alone. Isn't there something you can do?"

Two days later, Ronald Reagan read Lars

The letter he sent read:

Shortly before dawn, Lars climbed out of

That evening, the Bjorn family decided dras-

by a staff writer for People magazine.

Monday morning was even wor

Most of the dominant figures in U.S. television journalism now, such as Dan Rather, Roger Mudd, John Chancellor, Harry Reasoner and Bill Moyers, came out of the little towns of America and learned their craft in the county courthouses and police courts of

They were taught what we call "police-blotter reporting." That is, they learned to report not the usu-I believe that the journalistic al but the unusual, not what was

right but what was wrong. They have questioned this philosophy in later years, but the tradition exdures, especially on television.

This is not to say that Reagan is right in asking the media to "trust us," or as Lyndon Johnson used to say: "I'm the only president you have, so, why don't you get on the team?" If we had followed that, Kennedy's disaster at the Bay of Pigs, Johnson's deceptions in Vietnam and Nimes's means at West. nam and Nixon's crimes at Water gate would have been ignored.

It is only to say that Acton's principle that "power corrupts" applies not only to the power servernment, but also to the power of the press, and that one day the media, now concentrating on "investigative reporting — a redun-dant phrase — should apply the principle not only to Reagan but to itself.

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MASS IS A BLASPHEMOUS

FABLE

AND A

Pope Assailed by Chinese Church For His Statements on Persecution

By Christopher S. Wren New York Times Service

PEKING - China's officially sanctioned Catholie Church leadership has issued an angry personat attack on Pope John Paul II, accusing him of vicious slander and blasphemy in asserting that Chinese Catholics were being persecuted.

The attack, which was circulated as a statement Saturday by the Chinese press agency, was totend-Roman Catholics around the world pray on Sunday for per-secuted Chinese Catholics.

This is a vicious slander based on false testimonies and to 'pray' for such a fobrication constitutes an insult to the All Mighty (sic) God. The Chinese Catholics will never tolerate this," the statement

"Honest Catholics in other countries who know the facts will aot allow themselves to be boodwinked by this little trick of Pope John Paul II."

(The pope prayed Sunday for Chinese Catholics in a special two-hour Mass that was broadcast live to Asia by Vatican Radio, Reuters to Asia by Vancan Ramo, Remers reported from Rome. The pope, who gave communion to about 100 Chinese religious and lay persons, prayed for the "brothers and sisters in China" whose faith had

ings," Reuters said.]
The Chinese statement threatened unspecified retaliation if the pope cootinued to talk about religious persecution in China. "The Chinese Catholics want to make it clear that there is a limit to their patience. We will launch a counterattack if Pope John Paul II does not call a halt to his false testimon-

ies and accusations," it said.
The press agency reported that a leading Chinese bishop, Yang Gaojian, issued the statement Friday on behalf of three Catholic organizations that are recognized by China's Communist Party, which espouses atheism. These are the Administrative Commission of the Catholic Church in China, the Bishops' Conference of the Chinese Catholic Church and the Chioese Catholics Patriotic Associa-

Their statement purported to represent the views of all Chinese Catholics, but it could not have been published without the ap-proval or even collaboration of the government, which objects to any suggestion of religious intolerance in China.

The official press agency called the statement an expression of Chinese Catholic "indignation" over a series of "extremely unfriendly moves" by the pope.

The local Chinese church has

"diverse experiences and suffer- of the Vatican since it broke away during the 1950s in order to survive under the Communist regime that had recently come to power. Other differences have since deepened the schism. The Chines church still allows Mass to be said in Latin, which few younger Chise understand.

It also submits to the strict birth-control policies imposed by the state. The local church further supports the government's objec-tions to the diplomatic ties that the Vatican has with Taiwan.

Dissident Cathobes loyal to the Vatican have in turn split off to form an underground movement of worshipers. Their oumber is un-

The latest confrontation started developing last November when police in Shanghai arrested the Rev. Zhu Hongshen and several other elderly Jesuit priests who had served long sentences in labor camps for trying to maintain links to the Vatican. The priests are still apparently in jail.

Alluding to those arrests, the statement said: We deem it a good thing to bring these pharisees to justice to purify the church. The Chinese Catholies support this measure by their government.

The reference to a "countera tack" raised a possibility that the Chinese church might support stiff punishment for the priests.

Mr. Mitterrand's special advisers,

Jacques Attali, was in India to

meet leading Indian officials dur-ing the Ustinov visit.

port indicated, it appears likely that the Indians will be getting ad-

ditional Soviet arms in the future.

even if New Delhi continues with

Mr. Reddy noted that there is

oo longer a gap between the Soviet military equipment and that being offered to India by other countries.

Moreover, India no longer has to

beg the Russians for advanced weapons systems, he added, since

eign policy of Prime Minister Indi-

denied in recent interviews that In-

dia is pulling too close to the Sovi-et Union because of the arms sup-ply relationship and New Delhi's equivocation on Moscow's inter-

Furthermore, the United States

is known to have told Mrs. Gandhi

that the more India acts truly no-

naligned, the more understanding

its views will get from the Reagan

Spanish Gold Chain Found

The Associated Press

KEY WEST, Fla. - An under-

water-salvaging concern has recovered from the wreck of the 17th-

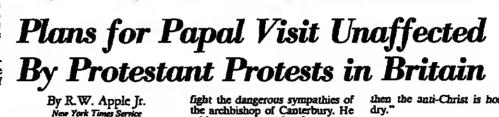
century Spanish ship Atocha a 24-inch (61-centimeter) gold chain set with rubies, emeralds and pearls.

The concern, Treasure Salvors

vention in Afghanistan.

Gandhi. She has emphatically

Nonetheless, as Mr. Reddy's re-



The Rev. Ian Paisley, wearing a button on his coat saying "No Pope," told supporters at a rally Sunday in Oxford, England, that the May visit by the pope was based on "falsehood and deceit."

said arrangements for the pope to meet Queen Elizabeth and to be

received by the government showed the "base of falsehood and

deceit on which this visit has been

"Britain has always been the

bastion of the Protestant religion,"

said the Rev. George Ashdown, a spokesman for the foes of the visit

said recently. "That is wby Rome

knows that the pope's visit is so

He said that if Catholics "can

educe the House of Windsor, if

they can repeal our bill of rights,

"Afghanistan Day" protested Sun-day at the Soviet Embassy against

the occupation of their homeland,

but the demonstration was marred by squabbling between factions. The Afghans burned a Soviet

flag, listened to speeches and shouted, "Down with [Soviet Presi-dent Leonid I.] Brezhnev."

In Afghanistan, Radio Kabul

said in a broadcast monitored to

New Delhi that about 200,000

anti-American protesters gathered at the U.S. Embassy in the Afghan

"cowhoy" President Reagan's "Af-

ghanistan Day" propaganda. The radio said the demonstra-

tors denounced U.S. "plots, vile

designs, vicious propaganda" and condemned "American imperial-ism, Chinese charvinism and Paki-

stani militarism." There was oo in-

dependent verification of the size

Bickering, Cursing

crupted into bickering and cursing

among Afghan community leaders

and their supporters. Some groups

supported fundamentalist Islamie

factions while others argued for a more Westernized, Socialist politi-cal philosophy for leading the re-sistance against the Soviet troops.

About 500 people participated in

the rally.
In Pakistan, where 26 million

Afghan refugees have fled, special

radio and television programs were broadcast and rebel groups held rallies denouncing the 1979 inter-

The rebel organizations generally applauded the declaration of March 21 as "Afghanistan Day"

The protest in New Delhi briefly

of the demonstration.

organized."

important."

LONDON — Organizers of Pope John Paul II's coming visit to Britain have refused to change his schedule despite demonstrations by militant Protestants in Liverpool and a threat of further out-

"One cannot shut one's eyes to the serious difficulties," said Liver-pool's Roman Catholic archbishop, Derek Worlock. "But the good sense and faith of the vast majority is such that we will be able to maintain the pope's program. After all, this is meant to be a visit of reconciliation."

He said the pope's remarks and actions "will help remove some of the misunderstandings and fear that have created this hatred."

Two weeks ago, Archbishop Worlock and the archbishop of Canterbury, Robert Runcie, the spiritual leader of the Anglican Church, were jeered and booed when they tried to speak in a church in Liverpool within 48 hours of each other. hours of each other.

'Selling Us' to Rome

Archbishop Runcie had to abandon his talk because of the demon-strators, who contended that he was "selling us down the road to Rome" by asking the pope to speak in the Anglican cathedrals at Canterbury and Liverpool.

Many of the demonstrators were drawn from a Protestant extremist organization known as the Orange Lodge, which has links to militant stants in Northern Ireland. Richard Roberts, the lodge's grand after the demonstration for what were officially described as "constructive discussions," but be said later that his organization Was drawing up plans for further pro-

The Rev. Ian Paisley, the mili-tant Protestant leader in Ulster, issued a statement supporting the 100 or so demonstrators, many of whom wore orange sashes. He said that Archbishop Runcie had "be-trayed the Protestant Reformed Church," and said that "his treachery must now be brought bome to him, the nation and the queen." Queen Elizabeth is the

ead of the Anglican Church. There is opposition to the visit, scattered but conetheless intense, in many other places besides Liverpool and Northern Ireland. (Hard-line Protestants held ralbes Sunday in England and Scotland to protest the visit, Reuters reported. At Ayr in Scotland, 3,000 demonstrators gathered to

In Oxford, the Rev. Paisley told about 200 protesters that there could be no peace with the Catho-Church and that they should

protest the visit.

But Factional Feuding Continues From Agency Dispatches

NEW DELHI — Several bundred Afghan refugees marking coodemnation of Soviet actions was oot adequate and appealed for

"But God may yet intervene to stop his coming," he said. "He may yet send us another Cromwell

The pope will visit Britain from May 28 to June 2. He is to spend less than a day in Liverpool, arriv-

ing there on the afternoon of May 30 and leaving the oext morning. But his schedule calls for him to

speak in both of the city's cathedrals — one Anglican, the other Roman Catholic — and to

ride in a motorcade through the

chronically depressed Toxteth sec-

tion, scene of some of the worst of

Refugees Mark 'Afghanistan Day'

material support. A major rebel organization, the Islamic Unity of Mujahidin to Afghanistan, which is made up of seven fundamentalist groups, issued a declaration regretting that the international community was a "silent spectator" of events in Af-

Reportedly Fails NDJAMENA - Chad government troops have suffered a serious setback in fighting against rebel forces led by Hissene Habre,

Offensive in Chad

informed sources say. The government forces sustained heavy losses of men and equipment when they tried to recapture Oum Hadjer, a key town in eastern Chad, during a two-day assault starting March 13, the sources said Saturday.

The government in the capital

has made oo statement about the fighting, although Presideot Goukouni Oueddei has been at the front for the past three weeks in command of the campaign. But officials admitted privately that their troops had failed to recapture Oum Hadier.

Marcos Visits Saudi Arabia

BAHRAIN - President Ferdinand E. Marcos of the Philippines arrived in Saudi Arabia Sunday for a state visit that could lead to fresh efforts to resolve the Moslem au-tonomy issue in his country. Saudi Arabia heads a committee set up in 1977 to help bring peace to the southern Philippioes, where Moslem rebels have been fighting for self-rule for almost 10 years.

"March 21 is just one day of the year," a spokesman for one of the groups said. "We are fighting every day of the year."

10 Washington, President

Reagan announced that he was stepping up U.S. broadcasts against Soviet involvement to Afhanistan. He said the Voice of America would soon begin broad-casts to Pashto, one of the princi-pal languages of Afghanistan. In Moscow, Tass blamed the United States and Pakistan for continuing East-West tension over Afghanistan and made clear that Soviet troops would stay to the

ment was secure. Tass said Washington was training and supplying anti-government guerrillas based in Pakistan because it wanted to create unrest and instability in southern Asia so it could increase its influence

British Aid

Afghan guerrilla leaders had suggested to the European Parliament some time ago that the traditional Afghan new year be marked by worldwide events highlighting the country's plight.

In London, Britain announced extra aid for Afghan refugees to mark the day. The government said it would give refugees in Paki-stan £1 million (\$1,8 millioo) in response to an appeal from the Paki-

In Cairo, the Egyptian parlia-ment and the grand sheikh of El Azhar Mosque marked the day with declarations saying Soviet troops should be driven out, according to press reports.

A statement from Sheikh Gad el-Haq, a leading spiritual leader in the Moslem world, said: "All the Moslems should stand with the Afghans, help them and provide what they oeed, especially in the form of aid to refugees."

French Aides Regret Impression of Ill Will In Raids on U.S. Firms

France.

By Axel Krause nal Herald Tribuni

PARIS - Government officials have said they regret any impres-sion of hostility toward foreign companies that may have been created by recent raids on the offices of two U.S. brokerage firms here, authoritative sources have dis closed.

"We oever intended to single out foreign or U.S. firms, and if this was the impression created, it is regrettable," a senior French official said in an interview Friday. Similar statements were con-reyed to U.S. Ambassador Evan G. Galhraith by the French budget minister, Laurent Fahius, during a telephooe conversation two weeks ago and in later conversations between senior ministry officials and Merrill Lynch executives, U.S. and French sources said. The Budget Ministry oversees French customs

'Somewhat Conciliatory'

The raids by eustoms authorities were made Feb. 25 on the Paris of-fices of Merrill Lynch and Shearsoo/Americao Express. American businessmen in Paris de-cried the manner in which the raids were made.

"While not spologetic for what happened, the Mitterrand governmeot bas been somewhat concibiatory, hopeful of easing some of the tensions and possible damage created by the incident," a senior dipiomatic official said.

Operating in separate teams, more than 30 agents in civilian clothes accompanied by several uniformed policemen seized or photocopied documents, files and other materials in the firms' offic-es. Agents cut off Merrill Lynch's telephooe service for several hours. A customs official confiscated the address book of a Shearson executive at his home.

tions into the firms' activities by

French customs officials are continuiog, executives of the firms said. But no complaints have been made over possible violations of restrictions on overseas financial traosactions by residents of

'Very Upsetting'

"We bave no idea what they are looking for, possibly hidden Swiss accounts," said an executive of one of the firms, "but the investigation is good on routinely, and although it was very upsetting at first, our business is settling back to usual." As part of their protest, U.S. business and banking leaders in Paris complained to Mr. Galbraith, a former investment banker in New York, Londoo and Paris. Mr. Galbraith was particularly concerned about the effect of the raids on the climate in France for foreign investment, which the Mit-terrand government has been seek-

ing to improve.

The ambassador conveyed that message to Jacques Delors, minister of the economy and finance, and to Mr. Fabius, but it was not intended as a diplomatic protest. French and U.S. sources said. Herbert H. Johnson, a Paris-

based insurance broker and a director of the American Chamber of Commerce in France, termed the raids "a ghastly episode," adding: "You cannot construct international business confidence on any kind of government interven-

Damage to Policy

Other U.S. husinessmen, law-yers and diplomats generally said they believe that the incident will not be forgotteo quickly and that any further raids could be even more damaging to the government's effort to attract foreign investment

Several French and foreign banks and investment firms also have been raided in recent weeks. But business sources said they could oot recall any other raids oo American firms to more than 20

There was continuing specula-tion to Paris that the initiative for the raids came from leftist unioo members in the customs service. but French government officials declined to comment. "Our investigations are continuing, and for the time being there is nothing new to report," an official said.

Laker Sets Aside **Idea for Airline**

LONDON — Sir Freddie Laker has announced that be has shelved

the idea of starting a "people's air-line" to replace his Laker Airways, which went into receivership last Instead, he said at a oews con-

an aviation consultancy business with Roland W. (Tiny) Rowland. bead of the British conglomerate Lonrho. Sir Freddie said the new venture, Sir Freddie Laker Ltd., will deal with such matters as arranging aircraft leasing and busiocss travel.

He said the change of plans was not due to a lack of money but to "red tape." It would have taken months to regain rights to the old Laker Airways routes from the Civil Aviation Authority, Sir Fred-

Vice President Reported To Quit in Bangladesh

United Press International

DACCA, Bangladesh — Bangladesh's vice president, Mirza Nurul Huda, has resigned and asked President Abdus Sattar to choose a replacement by March 28 replacement by March 28, sources said Sunday.
Mr. Huda, 70, said he decided to

quit because of a campaign against him by members of the ruling Bangladesh Nationalist Party, the sources said. Meanwhile, Mr. Sattar was reported to be contemplating changes in his administration, to stabilize the political atmosphere and to avoid imposing martial law.

Russians Reported to Assure India Of Help in Meeting Military Needs

By Stuart Averbach

Washington Post Service NEW DELHI - The Soviet defense minister, Dmitri F. Ustinov, has promised that Moscow would help India meet any threat arising from U.S. arms sales to Pakistan. Marshal Ustinov, who led the largest and highest-ranking mili-tary delegation the Kremlin has

ever sent outside the Eastern bloc,

: sure," he said. -G.K. Reddy of the Hindu oews-

other parts of the country.

To naturalists, the reasons are

ecological. But to activist universi-

ty students, who have led a two-

year campaign to Assam against

unrestricted settlement in the state

by people from Bangladesh, the

proposed transfer is an attempt to deprive Assam of a tourist attrac-

Sharad Gaur, an education offi-er of the World Wildlife Fund.

Ex-Security Aide

Freed in Munich

MUNICH - A former West

disclosing state secrets has been re-

eased after a day in police custo-fy, a justice official said.

A court magistrate refused the

'ederal prosecutor's application

or a formal arrest warrant against Hans Langemann and released him Friday. Mr. Langemann had usked earlier this mooth to be sus-

rended as Bayaria's top security

official after the leftist magazine

phisticated equipment at reduced prices and soft credit terms.

Although the Indian government has tried to downplay the Ustinov visit, there has been wide speculation among oongovernmen-Indian military analysts and diplomats to New Delhi that his mission was to convince India to forgo its announced plan to diversify its arms supplies by buying Mirage-2000 jet fighters from

"Everything will be all right, be of the French deal, in which a prepaper, one of the best-informed In- lations between India and the Sodian journalists on diplomatic and cialist government of French Presi-

Saturday. Before his departure, he France.
Whether Marshal Ustinov was whether on

successful remained unclear on Saturday. An Indian cancellation liminary letter of intent has been signed, could cause a breach in re-

"Moscow is offering them. It is for India to pick and choose from the whole range of the latest Sovietmade equipment." Among the new weapons the Russians are reportedly ready to sell India are the T-82 tank and the MiG-27 Flogger tactical strike fighter that is reputed to be equiv-alent to or better than the Mirage-Indian Students Decry

2000.
Any new purchases would fol-low a \$1.6-billion, Indian-Soviet arms deal in 1980 that has been reported to be worth three to four times more because of pricing and financing concessions made by

Since then, however, the Indians have sought to diversify their arms supplies hy buying Jaguar jet fighters from Great Britain and submarines from West Germany. The diversification appears to be an important element to the for-

borr s. prized to Asia as aphrodisi-He said that although there were still few of the animals in the world, their density in the Kaziran-

The rhinoceros in questioo is still considered an endangered species, but the populatioo in India Except for those in zoos, the rhi-nos are confined to three sanctuar-

has grown to an estimated 1,400 from a dozen in 1900. German secret agent suspected of

the area of tourist revenue."

Conkret quoted him on intelli-tence activities involving former U.S. President Richard M. Nixon ind former Chancellor Kurt Georg A court official said a warrant ould be granted on a charge of isclosing state secrets only if Mr.
angemann had consciously inended serious harm to the repob-

WORLDWIDE ENTERTAINMENT

LES 2 MEILLEURES

NOUVELLE REVUE

20 h 30 Dîner dansant

335 F

0 h 30 champagne

230 F

PRIX NETS/SERVICE COMPRIS

NORMANDIE

116 bis av. des Champs-Élysées

563 11 61 et agences

22 h 30 Revue et

champagne et revue

OIRÉES DE PARIS

NEW DELHI - India is consid- faster than expected to the last ering moving about 60 great Indi-decade and that the concentration an one-horned rhinoceroses from in Assam's Kaziranga preserve has

ga preserve was too high for com-fort.

ies in northeastern India.

On Feb. 11, a delegation of Asbject of their pride and deprive

increase in rhino oumbers to tough anti-poaching measures, including stiff sentences and fines for those who kill the animals for their

The great Indian thino is the second largest thinoceros, behind the white thinos of Africa. An adult male measures 14 feet (4.2 meters) from its single horn to its tail and stands about 6 feet high at the shoulder. It can weigh 2 tons, and its body is covered with patch-

tourists are required to have spe-cial permits to visit the area.

FRENESIE

20 h 00 Diner dansant

335 F

22 h 00 Revue et 0 h 00 champagne

230 F

MONIMARIRE

champagne et revue

Plans to Move Rhinos

their main sanctuary in the reached the saturation point. The the saturation point. The the saturation point of the saturation point.

samese students, who have been negotiating with the central government on their demand for deportation of millions of immigrants, called on Prime Minister Indira Gandhi to bar the removal of any of the animals from Assam. A spokesman for the activists called the proposal to move the animals to other swampy areas out-side the state "a conspiracy to deprive the people of Assam of an

es of thick skin. At the moment, the argument about tourist attractions is somewhat diminished by the difficulties of travel by foreigners in Assam. Foreign journalists are barred from oortheast India, where tribal rebellions are reported. Foreign

Inc., said Friday that the chain will be added to a company exhibit of but one major group said mere **Christian Dissidents Challenging** S. Korean Leader on Rights Issues

By Henry Scott Stokes New York Thnes Service SEOUL - For the first time since be took power nearly two years ago, President Chun Doo Hwan is facing some organized op-

position.
It comes from Christian dissi dents who played an important role in creating the climate of un-rest in which his predecessor, Park ing Hee, was slain in 1979 by the chief of the Korean Central In-

elligence Agency.

Mr. Chun's hold on power appears to be seenre, but he is reponding warily to requests by the Christian dissidents for small, new prerogatives.

Recently, at talks with church

leaders, he agreed to allow prayer neetings to be resumed at the neadquarters of the Korean National Council of Churches, once a center of resistance to Mr. Park. Such meetings had been banned there since 1979. But Mr. Chun permitted only biweekly meetings not the weekly sessions that had been requested

2 Key Issues

Christian dissidents have begun to challenge the 51-year-old leader on two key issues. They are de-manding an end to what they denounce as the torture of political prisoners, and they are calling for a revision of labor laws that virmally prevent workers from organiz-

chide the Rev. Park Hyung Kyu, a moderator of the Presbyterian Church who has been jailed five times, and Mrs. Park Yong Kil, the wife of the Rev. Mun Ik Hwan, a

jailed theologian.

Cardinal Stephen Kim, the senior Roman Catholic prelate in South Korea, and the Rev. Kim Kwan Suk, a former head of the Protestant National Council of Churches, are among the important sympathizers with the dissident cause in Seoul, though they are not in the front ranks of those taking action. The dissidents, who are said to

number about 2,000, are viewed as an intellectnal elite among the 6 million Christians in South Korea's total population of 38 mil-tion. The dissidents have greater political influence than members of the large Protestant fundamen-

Growing Confidence A sign of the growing confidence of churches was a recent call

by the Justice and Peace Commission, a Catholic human rights group, for the release of political Another was a series of demands by Protestant groups in the Na-tional Council of Churches after

an amnesty on March 3 resulted in the release of only 15 of the more than 400 political prisoners. The Protestants, in a statement issued on behalf of the families of Leading dissidents in Seoul to-

unconditional release of all politi-cal prisoners. It also urged the goverument to take steps to ensure that the "brutal torture" of political offenders is halted.

that the government should take responsibility for the medical treatment of what it described as tortured political prisoners "in grave condition."

To support charges of torture, a copy of a widely circulated leaflet was handed to a reporter visiting an office of one of the Christian groups. It describes the case of 32-year-old Cho Sung Woo, who is serving a nine-year prison sen-tence. The leaflet said half of Mr. Cho's body was paralyzed after beatings during interrogation.

Christian activists have also demanded better government treatment of workers, who are virtually prevented from organizing under martial law legislation issued by Mr. Chun in late 1980. There are unions in South Korea, but the dissidents say they are company unions or labor organizations led by puppets of the authorities.

A key issue from now on, according to Christian disaidents, is whether the government will per-mit the churches to reorganize groups such as the Urban Industri-Mission. This worker-education group, a Protestant effort, was a target of attack under Mr. Park in



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March 19, 1982

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DM 125,000,000 93/4% Deutsche Mark Bonds of 1982/1992

93/% p.a., payable on March 15 of each year

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Commerzbank

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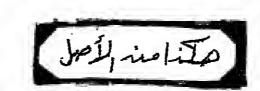
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'Technopolis' Concept Developed for the '90s

By Donald Kirk

TOKYO — Picture a prototype "new town" of the 1990s. It's called a "technopolis," and it may be the next step in mankind's technological and cultural evolution

into the 21st century.

"It's a town," say the perspicacious planners at the powerful Ministry of International Trade and Industry (MITI), "in which industry, academia and living environment are harmonized." Fusing the latest high-tech manufacturing techniques with facilities for research in idyllic surroundings, a typical technopolis would enable men and women to fulfill themselves on the joh and at home and still pursue a range of social

The technopolis concept, which MITI plans to turn into reality in possibly 16 different locales, includes a dozen or so fine-technology industries, along with insulations, schools, restaurants, stores, theaters, parks and just plain living space for as many as 200,000 people. A technopolis would develop near an already-existing "mother city," usually a prefectural capital, but would clearly form a model for emulation on a larger scale — and would provide a setting for top corporations to exploit the newest innovations of scientists and engi-

As such, it fits in with the pattern of rising expenditures on re-search and development in selected sectors. "Our research and de-

Both the government and private industry are involved in an unremitting drive to break through frontiers . . .

velopment effort in certain sectors is higher than in the United States," said Keiichi Sato, an economic analyst at the Japan Society for the Promotion of the Machine Industry, a broad field that accounts for nearly oce-third of overall industrial output. Among other targets of unremitting research, be observes, are robotics, large-scale integrated circuits, small computers and consumer electronics — most spectacularly. video-tape recorders.

The urge to break through to new frontiers — conceptually, technologically and in terms of evitably involves both industry and government, which often encourages and funds initial re-

While drafting blueprints for the first technopolis, MITI is also sponsoring oil-drilling projects — in deeper water that ever conceived by offshore oil interests - for extracting more and higherquality products from increasingly heavy, high-sulfur-content crude heavy, high-sulfur-content crude oil and for capturing and recycling "urban waste" ranging from plas-tics to paper to tin cans in a single system. The areas of study are nu-

From the viewpoint of rapid mass production of small products, one of the more interesting ideas envisioned at MITI is a small factory run by computers and laser beams. For example, a chunk of metal enters a computerized processor and goes through an assemhly line in which lasers cut, weld and shape the metal. Want to change the product line? Depending on how the computer is programmed, you might get anything from a home appliance to a chil-

The lasers themselves would be

Japan's Auto Production in 1981

whiction Domestic Sales

Company	TOTAL FIGURES		·
Toyota	3,220,000	1,493,000	1,716,000
Nissan	2,582,000	1,144,000	1,438,000
Toyo Kogyo	1,176,000	382,000	794,000
Mitsubishi	1,095,000	516,000	579,000
Honda	1,055,000	334,000	711,000
Suzuki	580,000	433,000	136,000
Daihatsu	472,000	314,000	148,000
Fuji (Subaru)	470,000	230,000	240,000
İsuzu	69,000	39,000	30,000
Nissan Diesel*		21,000	23,000
TOTAL	11,220,000	5,095,000	6,074,000

couse of stock levels. Isuzu is principally o truck manufacturer, building only about 100,000 passenger cars o year, while Hino and Nissan Diesel build commercial vehicles only.

Auto Industry Looks Homeward

By John Hartley

much larger than those customari-ly used for measuring and posi-tioning pieces, while the robots

that make the parts would have the

power not only to do as they're told but reach decisions. "We oeed

robots sensitive to light, weight

and size,"said Norikazu Matsuda,

estimating that 10 percent of those

now made in Japan are the "intelli-gent" kind. With a population of 15,000 "programmable" robots, said Kanji Yonemoto, executive director of the Japan Industrial Robot Association, the number should climb to 800,000 in a dec-

Beginning in the 21st century,

(Continued on Page 13S)

TOKYO - With factories operating at full production, showing big profits and posting anto industry seems to be on top

Yet its executives are continually talking of crises and problems. So is Japan's biggest export industry threatened, or is this very awareness of future problems the key to Japan's success? Certainly, the Japanese auto in-

dustry's success in export markets has led to threats of a political na-ture, and it must be admitted that the automakers have been tempting providence for some time in the way in which they have in-creased exports. On the other hand the transformation that led Japan's becoming the strongest force in the world's note industry took place very quickly. Consequently, the executives are wary of moving too fast, especially as they expect General Motors to re-emerge from its current problems strong enough to take their sales

away in many markets. Impressive Figures

At present, though, the Japa-nese automakers, with the exception of some of the smaller ones, are very profitable, and are still expecting growth this year. Toyota and Nissan now each build more cars than Ford does in North America, while Toyo Kogyo (Maz-da), Mitsubishi and Honda are all building more than I million units

Thus, total industry figures are impressive: Last year, Japan produced 11.1 million vehicles, and this year it plans to build 11.7 million. That is an increase of only 4.6 percent, but 1981 showed a slight

By Robert Y. Horiguchi

TOKYO — Overhauled for

the first time since 1927, Ja-

pan's revised bank law, which goes into effect on April 1,

promises to bring about pro-found changes in the country's

The new law updates the ground rules governing the tri-

angular rivalry between the pri-

vately run banks, the security houses and the governmental

For the first time, banks will

be allowed to engage in over-the-counter trading and dealing in government and public bonds— a prerogative hitherto reserved

to the security houses. And banks will be able to go on a five-day work week, which they were previously prohibited from

Foreign bank operations also

will be affected by new regula-tions, based on the revised law, which are now being drafted by the Ministry of Finance. These

financial establishment.

postal savings system



Philip Caldwell

increase over 1980, whereas manufacturers in the United States and Europe were experiencing a pro-

But the big difference about this year's predictions is that the antomakers are expecting most of the growth to come from the Japanese market, with exports increasing by only 1 percent. Japan exports more than 50 percent of its output, and over the last few years its exports have increased sharply, so this attempt to boost domestic sales is

At the same time, despite the in-dustry's hope that car sales in Japan will increase by 7-8 percent this year, an increase of 3-4 per-cent is much more likely. Therefore, sales campaigns will be agressive, and Daihatsu, Isuzu and Fuji (Subaru) are likely to find the

going tough.

That attempt to improve sales in
Japan reflects the tightrope that the industry is walking. It is still looking for substantial growth, but its exports to the main markets are limited, for a variety of reasons. Industry executives often refer

foreign banks that operate a to-

The revised legislation further

sets the stage for a new "green card" system through deposits

that benefit from a tax exemp-

Interest earned on individual

deposits of up to 3 million yen in banks, the same amount in the

tal of 95 branches.

tion on interest.

Banking: Sweeping Changes in New Law

ism" these days, and it is clear that growth. Last spring, the Japanese government agreed that the auto industry would voluntarily restrain exports to the United States. This deal report ted a cut of about 7 percent in sales last year, with the export levels for this year and next depending on the size of the Unit ed States market.

In addition, Japanese auto com-panies have limited their exports to Britain under an informal agreement for about five years now, so that they have an 11-percent share of the car market. In France and Italy there are strict quotas, while last year, Canada, Belgium and the Netherlands all requested cuts in the levels of Japanese imports, and generally these were heeded.

Recently, owing to the despen is sales slump in the United States, a number of United States congres men have been asking for a further reduction in Japanese imports.

When he was in Tokyo in February, Philip Caldwell, chairman of the Ford Motor Co., echoed these views by saying that Japan should limit exports to the United States to the same level as last year, whereas the Japanese antomakers were expecting to be able to ship more cars to that market. Mr. Caldwell pointed out that Japanese cars now take 22 percent of the U.S. market, whereas the aim with the restraint was for a share of 17-18 percent.

But why should Japan limit ex-ports? Didn't it build up its export business on high productivity and better products? There is no doubt that Japan's auto industry is highly productive, not so much because it uses many robots, but more owing

(Continued on Page 15S)

Suzuki Presses Major Effort to Ease Friction Caused by Trade Imbalances

By Ken Ishii

TOKYO — Despite early doubts and criticisms of ineffective leadership, Premier Zenko Suzuki remains in control of Japan's af-fairs after 18 months in office. But whether his Liberal-Democratic party will vote to give him another term in November depends on his performance in the months ahead. Three major issues preoccupy

the Suzuki administration. These are defense, on which Washington wants Japan to spend more, trade frictions over Japan's ballonning trade surplus with the United States and the European Economic Community, and administrative and fiscal reform aimed at reducing government waste and halano

ing the hudget.

The defense debate has passed its peak, at least as far as discussions between Tokyo and Washin ton are concerned. The Liberal-Democrats have settled for a 7.75-percent increase in the 1982 deense budget an amount that United States officials believe is still far less than the effort repabilities into line with its cconomic strength and ease Washington's burden under the U.S.-Japan

security treaty.

But seen from Tokyo, the 7.75se public opinion does oot view the Soviet threat in the same light as Americans or Europeans. A global approach to security remains alien to lingering insular at-titudes. In this context, Mr. Suzuki's approval of the increase was, in the words of one supporter, "an act of courage," and more so since it was made in the face of severe hold-downs in increases in government outlays for education, welfare and other vote-getting pro-grams. It has left Mr. Suzuki open to accusations of yielding to American pressure at the sacrifice of the public interest, and to charges of punce interest, and to charges or setting the stage for a revival of militarism which, however un-founded, makes good political cap-ital for the leftist opposition.

Recently, however, the defense question has been overshadowed by the trade issue. Although most by the trade issue. Atthough likest everyone recognizes that improv-ing access to the Japanese market as demanded by Japan's trading partners will not alone redress the trade imbalance to any significant degree. Japanese officials know that they must take substantial measures to remove hindrances to trade or face retaliatory action. . In the past, Japanese govern-ments bave sought to resolve trade

Premier Zenko Suzuki

from the deluge of Japanese goods throughout the world now saids ing the exploding point, it has fallen on the Suzuki governmen' to initiate what represents the first major, coordinated effort involving all branches of the administration.

Japanese officials firmly believe they are moving as fast as they can considering the complexity of their task. They resent charges of footdragging, which may have been true in the past but which they feel oo longer apply now. This places Mr. Suzuki in the awkward position of having to reduce trade barriers at a pure that will satisfy Ja-pan's trading paraners while re-straining growing annoyance among Japanese both in and out of

its interpretation of Japanese moves. He said that Americans

Mr. Suzuki himself declared in a

recent television interview (Feb. 23) that "the United States suffers

from a great misunderstanding" in

"do oot understand conditions in Japan," and added, "We are concerned that the situation will worsen if protectionist measures are taken in the name of reciprocity." A few days later, Chief Cabinet Secretary Kiichi Miyazawa, also referring to a hill before the U.S. Coogress requiring reciprocal con-ditions for bilateral trade, called it "a mistaken idea." He declared that Japan was increasing its mar-

ket accessibility "at the sacrifice of our own national interests." Trade Imbalance

Japanese like to point out that high United States interest rates and a tack of aggressiveness on the part of foreign businessmen to penetrate the Japanese market are imbalance as anything else.

It is certain that the trade issue will command Mr. Suziki's continder of his term. Excessive acquiescence to U.S. and EEC pressure would antagonize the vested-interest groups on which the Liberal-Democrats depend for support. By not moving as far and as fast as Japan's trading partners want, there is the risk of exacerbating the very tensions that Japanese reforms were intended to reduce.

Important as the trade issue is, it is unlikely at the moment that it will have as much impact on Mr. conduct of domestic affairs, partic-ularly the administrative and fiscal

reform on which he has repeatedly

stated he stakes his political career. By these reforms, the premier has promised to reduce government spending to the poiot where the hudget will be balanced by the end of 1984 without resorting to covering deficits through national

bond issues.

The problem is, the Special Commission charged with hammering out reform proposals has yet to spell out details, which makes it impossible to know whether they will serve their budgct-halancing purpose. Although minor reforms recommended in the commission's first report last year were approved, other issues such as defense and trade, plus

(Continued on Page 8S)



Kiichi Miyazawa

Shaping Up a Lopsided Economy

By Gregory Clark

TOKYO — A simple statistic, buried in the pile of data spewed forth lately by Japan's many economic agencies, tells clearly the dilemma facing Japan's economy. In 1981, manufacturing and mining production rose by a modest 3.1 percent. But almost the entire amount of this increase was fueled by a 12.1-percent increase in exports. Domestic demand rose by a mere 0.1 percent.

In other words, except for ex-ports, Japan would have registered almost no increase whatsoever in its production of industrial goods last year. For a nation that likes to think of itself as moving relentless-ly op and up on the industrial lad-der, that boasts by far the largest share of the world's industrial robots, this is a fairly serious situa-tion — particularly as it is now clear that Japan cannot hope to keep its present level of export sur-

How did Japan get itself into this situation? The answer lies precisely in the determination of the Japanese to see themselves as ever-expanding manufacturers of goods particularly for export. They forget that an economy

also consists of services as well as goods, that the manufacturing sector needs to balanced by the tertiary sector. They also seem to forget that as an economy advances, demand in the tertiary sector expands much more rapidly than in manufacturing.

The result today is an economy that is dangerously out of balance. A calculating machine incorporat-ing the world's best technology

produced with close to twice the produtivity of the rest of the world, and also with better quality. A custom-built house of inferior quality costs two to three times what it would cost elsewhere, and

			-			Special cl	assification
Year	Total value	Food- staffs	Raw materials 1)	Mineral fuels	Manufac- tured goods	Light industry products	Heavy and chemical industry products
			Expo	rts			
1965	8 4 5 2	344	252	30	7 778	2 692	5 241
1970	19 318	648	352	48	18 116	4 335	13 981
1973	36 930	841	716	92	34 291	6 016	29 333
1974	55 536	. 846	1 188	248	52 443	7 459	45 641
1975	55 753	760	874	221	33 164	7 220	46 410
1979	103 032	1 207	1 268	356	99 087	11 986	87 662
1980	129 807	1 588	1 469	504	124 650	15 786	109 567
			Lungo	rts.			
1965	8 169	1 470	3 221	I 626	1 835	254	1 581
1970	12 821	2 574	6 677	3 905	5 633	1 043	4 590
1973	38 314	6 009	12 259	8 327	11 556	4 148	7 408
1974	62 110	8 122	14 379	24 B95	14 541	4 460	10 081
1975	57 863	8 S15	11 660	25 641	11 521	3 514	8 007
1979	110 672	14 415	22 1 96	45 286	27 133	8 912	18 221
1980	148 528	14 666	23 760	69 991	30 568	8 725	21 843

that does not include the inflated price of land — another result of antiquated marketing techniques.

For a long time the Japanese managed to ignore this imbalance. Some even saw it as a virtue: The continued expansion of manufacturing gave the economy its dy-namism; the inefficient service industries provided extra employ-

But the situation today is different. The service sector accounts for close to 60 percent of the gross national product and total employment, while both export and domestic demand for manufactures has peaked. There is a physical limit to the number of Japanese cars and other manufactured articles that foreigners can afford to huy and that Japanese are willing

Service Sector

THe dynamism to sustain the economy needs to come from the service sector. The Japanese lec-ture the rest of the world for its conservative fears over the unemployment that might be caused by industrial robots. Japan, bowever

even has legislation to prevent the expansion of that service sector "robot" — the chain store or supermarket

Just as the rest of the world is conservative in its nondynamic manufacturing sector, Japan is: namic service sector. It cannot create the new employment to absorb those who lose jobs to labor-saving innovations. Meanwhile, the economy moves into deeper stagnation under the impact of falling domestic demand and the slowdown in exports. The GNP growth rate in the last quarter of 1981 is estimated at close to zero. The all-import-ant estimate of plant and equipment investment in 198? shows a very restrained 4.1 percent in growth. Current exports show little growth over last year's levels.

Short-term measures to revive the economy are also lacking. During past recessions, the rapid expansion of public works spending-has usually been the savior. But to

reduce the dangerously unhealthy reliance on bonds to finance defi-(Continued on Page 13S)

postal savings system, and government bond holdings with a rules reportedly propose to treat foreign bank branches like Japanese institutions. There are 70 face value of Y3 million — that

FAST-MOVING ACCOUNTS: Automatic tellers dispense money in Tokyo. is, a total of Y9 million (\$39,000) is not subject to taxation.

The large number of such accounts, officially described as "petty savings," has made it vir-tually impossible, even with the use of computers, to control the identity of the depositors, let alone track down the fictitious names used by a large number of them in order to evade taxes.

The oumbered "green card" is designed to put an end to such

abuses, but it risks provoking a flow of money into gold or into foreign financial instruments, which are beyood the reach of the tax authorities. Even though they chalked up

increased operating profits io the April-to-September first half of the current fiscal year, numerous domestic banks saw their profit margin on interest rates

(Continued on Page 8\$)

costs less than it costs to move a kilogram of beef through Japan's antiquated distribution system. A car or a ton of steel can be The state of the s

Sweeping Changes in Bank Law

deteriorate, complains Shuzo Muramoto, chairman of the Federation of Bankers' Associations. He calls for the abolition of

what he terms legal and administrative discrimination against banks and the adoption of measures that would allow them to compete on an equal footing with the postal savings system and the

Particularly irksome to bankers is the growth of the postal savings system in recent years to a point where, according to Mr. Muramoto, it "out-rivals" financial institutions in the private sector.

At the close of fiscal year 1980, on March 31 of last year, postal savings amounted to Y61.954 trillion, edging close upon the out-standing balance for individual deposits in all Japanese banks total-ing Y66.307 trillion on the same

Commercial banks have to lend for shorter periods because few of them have access to long-term yen, the postal savings system having diverted funds from the banks.

Despite such jeremiads by the industry's spokesman, the 13 domestic city banks — the largest in the country — recorded in the first six months of the current fiscal year, ended last Sept. 30, a 4.9-percent increase in overall deposits compared to the preceding semester, their outstanding deposit bal-ance amounting to Y92 trillion (\$400 billion). For the same period their operating profits were up 22.9 percent, gross revenue rose 1S.2 percent and their net income grew 18 percent from the previous

Stock, Capital Markets

Of greater concern to bankers is the growing tendency of Japanese corporations to turn to the stock and capital markets to raise funds

instead of borrowing from banks.

The Bank of Japan has reported that corporate fund recruitment from banks dipped from an average of 85.9 percent in the 1965-75 decade to 79.9 percent in the 1975-

80 five-year period. Corporations are estimated to have raised Y1.5 trillion (\$6.5 billion) between April and October, 1981, through the market for capital expansion. This compares with the Y1.3 trillion obtained from the same source just before the oil crisis in fiscal year 1972. This was the highest amount previously record-

Also, instead of channeling their extra funds into bank vaults, corporations are seen to be funneling level of medium enterprises. In the

them into bond and security port-

Prof. Seiichiro Sato of Rikkyo University in Tokyo sees this phenomenon as having started in 1975, when corporations adopted overall "fat-trimming" policies in order to readjust themselves to a period of low economic growth in the wake of the oil crisis.

Debt-Free

Cited among the outstanding examples of this turnsround trend are the Pioneer electronics company, which has shaken itself wholly tree of bank debts since 1978, while Ajinomoto, a food processor, reduced its long-term debt from Y9.9 billion to Y2.5 billion.

At the extremes of the bank indebtedness spectrum are Nippon Steel, which has Y1 trillion (\$4,4 billion) in outstanding loans, and the Toyota Motor Manufacturing Co., the world's second largest car builder, which is not only debt free but generated Y65.9 billion in a year by judiciously managing its

Japanese banks, however, continue to make their weight felt in the corporate world through their equity holdings.

At the end of 1980, banks owned shares worth Y7.44 trillion (\$32.3 billion) in book value. In 2.327 corporations, the bank equities exceeded 5 percent.

Under a 1977 revision of the Anti-Monopoly Act, 157 commercial banks were required to reduce their equity holdings in businesse from 10 to 5 percent by 1987. Three years after the statute was enacted, this divestiture process had reached only 17.5 percent of its target. The reason for this slow compliance, analysts explain, is the widespread practice of cross-shareholdings between banks and corporations as well as among corporations themselves.

Toyota Holdings

For instance, Toyota Motor's leading shareholder, with 5 percent of all shares, is the Mitsui Bank. Lesser positions are held by the Tokai Bank (4.9 percent), the Sanwa Bank (4.8 percent) and the Toyota Automatic Loom Works (4.6 percent).

At the same time, Toyota Motor Holds 3 percent of Mitsu Bank, 5.5 percent of Tokai Bank and 1.9 percent of Sanwa Bank stocks and an imposing 24.6-percent position in Toyota Automatic Loom

This form of cross-holding occurs not only among major corporations and banks but also at the latter's case, they are pleased to have banks as shareholders, since financial institutions tend to be stable investors" that are unlikely to dump their holdings suddenly

depending on market vagaries. Electronic banking has been developed in Japan to a level that foreign specialists concede may be the highest in the world. Computerized systems handle all aspects of the bank's business, a heavy emphasis being placed on consumer

For instance, the 13 city banks are linked through a nationwide electronic network that allows a depositor in any of them to withdraw funds by operating an auto-matic bank teller located in any of the 2,617 branches of the 13 institutions by inserting a magnetically coded plastic card and identifying himself by punching a four-digit personal number.

Networks Connected

A parallel network connects 63 regional banks, and 71 mutual loan and savings banks also offer the same facilities. The three networks are connected to handle inter-bank transactions.

To compensate for the tradition-Japanese aversion to using bank checks, the banks undertake to pay on request rents, utility charges, in-come and municipal taxes, department store and credit card bills and association membership fees on their due date by debiting depositors' accounts.

Company payrolls are electronically distributed into employee bank accounts, as are social security pension payments.

Time and ordinary deposits can be combined into one account so that overdrafts are automatically covered, the time deposit serving as a guarantee. The banks have in recent years sought energetically to develop the personal finance field by offering housing, education and other miscellaneous loans at attractive terms. This lending to individuals, bowever, still hovers at a minimal 2 percent of the banks' total financing outlays, principally because banks tend to deive deeply into the financial status of the would-be borrowers, a practice repugnant to a large proportion of Japanese who are not familiar with credit-worthiness tests.

With the domestic banks offering this vast array of customer services, foreign banks in Japan find little opportunity to compete in attracting individual savings, which form the broad mass of funds deposited in Japanese banks. Japan enjoys a savings rate of 18 percent, the highest in the world.



SEAT OF POWER: The head office of the Bank of Japan in Tokyo.

Most foreign banks, as a result, have had to content themselves with being supplementary lenders to big Japanese companies. But with the slowing down of the Japanese economy and the trend among companies to turn to capi-tal markets to raise funds, loan de-mand has softened and this has led

to lower earnings.

The total assets of foreign banks in Japan are estimated at Y10.4 trillion (\$45.2 billion) — almost equaling the assets of Japan's eighth-largest commercial bank, Taiyo Kobe Bank. Ten foreign banks, including U.S. banks, hold about half of the foreign bank loan portfolio. In addition to those, there are European, Southeast Asian and Third World institutions.

Complaints of government discrimination against foreign banks recently met with a vigorous rebuttal from the Ministry of Finance, As foreign banks turned from

foreign-currency loans, which provided their staple diet in the late 1970s, to yen-denominated lending in recent years, they found that they did not have large yen reserves and usually had to pay more for funds while their currency-swapping was curtailed by the Bank of Japan.

Foreign bankers appealed for greater freedom in raising yen against bad loans, for e funds, whereupon the Ministry of Finance pointed out that they were gal reserve obligations.

being favored over domestic banks in that respect. The ministry said that foreign banks can issue about eight times more certificates of deposit than their Japanese counterparts, as they were allowed to issue CDs up to a ceiling equivalent to 20 percent of their lendings in yen as against 50 percent of net worth in the case of domestic banks.

Foreign banks, the ministry add-, were also free to raise funds in the call and bond markets and were being allowed more favorable ceilings than those for domestic institutions in borrowing from the Bank of Japan.

As for opening new branches, foreign banks were being allowed to do so every year, the ministry declared, while Japanese banks received permission to do so only every two years.

The reported intention of Japaoese authorities to treat branches of foreign banks like Japanese institutions effective April 1 is arousing qualms among the affected

According to the new regula-tions now being drafted, each hranch would be considered a wholly independent profit center for accounting purposes. This would require each branch to set up its own reserves for losses against bad loans, for employee retirement allowances and other le"This would cost me Y1 billion for each branch," exclaimed the nager of a leading European

Japanese banks, he pointed out, have a centralized accounting structure that extends its coverage to all its branches. This inequality would be compensated for by a re-duction in the amount foreign bank branches would have to set aside as reserves. They would be required to put into their reserve fund 10 percent of their annual net profits. Japanese banks would have to set aside 20 percent, according to the tentative rules.

The same banker described as "unrealistic" a report that Japan would allow them to take over Japanese banks and to incorporate locally.

Overseas Business

He said he could not see a foreign bank diverting the necessary funds to effect such a purchase, even taking into consideration Japan's economic importance, the potential for overseas business and the possible emergence of Tokyo as an off-shore banking center.

It is in the overseas business that many foreign banks in Japan see new opportunities. Several of them have ties in Africa or Latin America, where Japanese trade and investment are growing fast but where Japanese banks are not well represented.

Suzuki Presses Effort To Ease Trade Friction

(Continued from Page 7\$)

pressure from bureaucrats and interest groups that stand to be most affected by the major reforms still to come, have since taken much of the steam out of the original en-

In the Dict, also, members have begun suggesting that reforms be kept "within the range of feasibilifueling concern that they will end up "boncless," as the Japanese-

Yet only last mouth Mr. Suzuki, speaking to the Diet, repeated his pledge to take "political responsi-bility" should he fail to balance the budget by 1984. Taking him at his word, this means he will have no alternative but to resign if he cannot fulfill his promise. It is rare for Japanese politi-

cians, let alone a premier, to go out on a limb to such an extent. But Mr. Suzuki is unusual in that he got the job without asking or expecting it. After the sudden death of Premier Masayoshi Ohira, leaders of the ruling party's rival fac-tions picked Mr. Suzuki — a party workhorse with no following of his own - because none of them had sucessor ready. Today there is still no clear suc-

cessor to Mr. Suzuki. Toshio Komoto, director general of the Economic Planning Agency, is said to be ready to challenge Mr. Suzuki at the November party convention, but he will have to rally much more support that he has now to make his bid stick. The party has some promising younger leaders, but they are waiting in the wings for lack of sufficient backing.

But if popularity ratings are any indication, Mr. Suzuki is in danger. According to a nationwide survey conducted last month by the newspaper Yomiuri, public support for the Suzuki cabinet has dropped to a new low of 31.7 percent. The biggest reason for non-

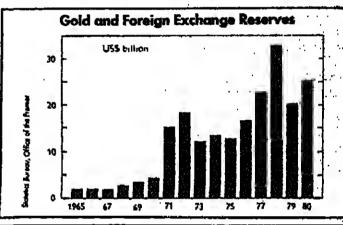


Toshio Komoto

support was dissatisfaction with the government's handling of the domestic economy (45.2 percent).
However, almost 60 percent of
those polled replied that they
would support the Liberal-Democrats in an election, confirming a conservative dominance of national politics that has continued unbroken since 1945.

In another survey by the eco-nomic newspaper Nihon Keizai on how Japanese business leadura rank Japan's 1S postwar premiers, Mr. Suzuki placed 11th. At the top was Shigeru Yoshida, who led Japan through the Occupation and back to independence.

But premiers in Japan are rarely praised while in office. Criticism is the rule, especially by the press, and Mr. Yoshida received has share. Political analysts point out, however, that the burdens of government today are much greater now that Japan is a major economic force in the world. Many may feel that Mr. Suzuki has not sured up to the requirements of his office, but the final judgment is



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securing supplies of raw materials. and pioneering markets at home and abroad, Marubeni has also been an indispensable financial intermediary for many of the entrepreneurs whose ideas and ambitions triggered Japan's growth into an economic superpower.





for Japan can be good for other nations, too. For example, several years ago an Indonesian firm invited Marubeni to submit a bid for what would become the country's largest textile plant. After careful study, Marubeni

proposed to supply everything from blueprints to machines to training for the Indonesian engineers who would operate the plant. But that still left the question of where to find the \$32 million the plant would cost. With Marubeni acting as guarantor, a major Japanese bank organized a consortium to finance the project. The result: a new industry, new jobs and new prosperity in Indonesia.

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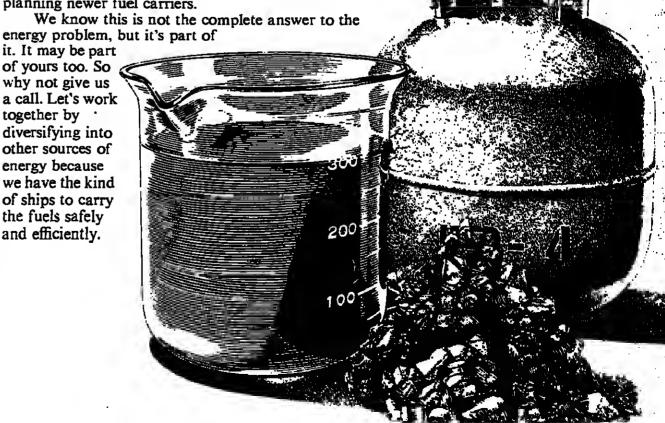
How do you deal with cargo The cargo in question is energy, and it's coal from one distination. Crude oil from another. And more and more often liquid propage gas as well often, liquid propane gas as well. You deal with it by building ships: Special carriers designed to carry these energy fuels in a safe, efficient manner. NYK has these types of ships in service now.

More are planned as energy needs change and newer energy sources are discovered. and Sometimes a gas:

At present Japan derives about 70 percent of its energy requirements from petroleum. Other nations too, rely too heavily on petroleum. And that's not good. We're recommending that reliance of petroleum be

cut back by using alternative fuels. That's why we are operating coal carriers, LPG and crude oil carriers—and planning newer fuel carriers. We know this is not the complete answer to the

it. It may be part of yours too. So why not give us a call. Let's work together by diversifying into other sources of energy because we have the kind of ships to carry the fuels safely and efficiently.



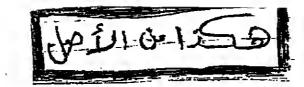
Charting a course



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'Nontariff Barriers': Subtle, Time-Consuming

terials or design specifications that could be cited as "dangerous" to safety. TOKYO — Ever since the Japanese government removed health. So local sports authorities most of the tariff and quota barrisimply "discouraged" the importaers to imports a lew years ago, cyntion of the product. But with a ics in Tokyo have been predicting that the changes would have little wide range of food, drug and related products, Japanese authorities practical effect. They argued that a

resort to declaring the ingredients of foreign products "dangerous." carefully constructed network of montariff barriers" (NTBs), concerning the testing, approval and use of foreign goods, would in effect block a surge of imports into Japan, no matter bow liberal Japan's trade "bberalization." Another example is the barriers against American chewing gum. Seven years ago, an American company tried to import a popular U.S. gum, but was barred by Cus-Until February, Japanese government officials seemed to be beatedly opposed to the notion toms officials on the ground that the product contained synthesized

cessions. NTBs do not exist.

But with the admission in Febru-

ary that the Japanese government

was taking measures to eliminate 67 commonly perceived nontariff

barriers, attention was locused on

the problem of defining them. And

buy. They are, in effect, the unoffi-

community discourages its people

The most effective way of cut-

ting down on purchases of foreign

goods is to keep them out of the

marketplace. Nothing is more effective than an unofficial boycott by an industry association. Thus, foreign tennis balls are not used in

Japan because the Japan Tennis Association ruled that balls used in

Japanese matches should be "in

principle" domestically manufac-

tured balls. This also tends to

discourage tennis players from us-ing foreign balls in practice as well. A similar unofficial boycott oc-

curs in metal baseball bats. Despite the fact that American bat

manufacturers can produce the

product more cheaply and perhaps with better skill than Japanese

makers, Japan's official baseball

league does not "recommend" that

its members purchase foreign bats.

The result is an unofficial barrier.

In cases such as these, the for-

eign product contained no raw ma-

cial mechanisms through which Ja-pan's government and business

from buying foreign goods.

in intrangations

potassium chloride. "The use of natural potassium chloride is allowed," notes an American executive, "but there is no scientific ground for discriminating one against the other." Only recently did the Ministry of Health and Welfare decide to althat a system of nontariff barriers was in operation. When asked about "barriers to trade," the standard Japanese reply was that official quotas and tariffs had been reduced to a level even below those of the Tapanese Community and of the European Community and the United States. In effect, the of-ficial answer was: "No more conlow the importation of synthesized potassium chloride.

U.S. importers also complain about a similar case concerning the importation of an aerosol spray used in repairing cracks in wooden walls. The product was not ap-proved by Japanese authorities on the ground that the containers it complain that they must affix Jap-came in were not thick enough. Japanese safety standards require the ingredients of their products, the ground that the containers it the public is trying to figure out whether any solution will have that the metal forming the container of the spray should have a thickness of 0.215 millimeters or more. much of an impact on the mount-ing trade problem between Japan and her partners. NTBs are important because Observers pointed out, however, that recent improvements have eliminated the correlation between they keep the Japanese from using, and thus purchasing, a wide varie-ty of foreign products that they would ordinarily be tempted to

safety.
Testing requirements are especially irksome to the many foreign pharmaceutical producers who try to crack the Japanese market. For the most part, they find that Japanese authorities simply will not accept the testing procedures that they have carried out on their home grounds.

They are required to repeat each of the clinical tests on Japanese patients before receiving approval, a procedure that takes several years off the life of the product in the panese market.
Laws can reach into remote cor-

haws can reach into remote con-ners, such as the handing out of brochures. Thus, the Health and Welfare Ministry told a group of foreign exhibitors at a medical equipment show that the products it was displaying would have to be shipped outside Japan before application for entry could be made, because they had not yet received government approval. In addition, until the products were officially approved, the company was ened from handing out brochures

on the equipment.

French cosmetics importers on all the containers that health ministry officials choose for in-spection. In general, officials inspect a surprisingly high 2 percent of the actual containers. In the process, the contents of the con-

Indexes of Industrial Production by Country

78 79 1972

75

tion fee of about \$80 per container

is required.

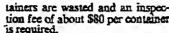
Labeling requirements are par-ticularly troublesome. Cellophane covers must be removed from each cosmetics box and container. Labels must be pasted on each before they are repacked in cellophane. If Japanese anthorities gave blanket approval to subsequent shipments, the French importer would be able to import in volume and forget the inspection. But because each new shipment must be inspected, and relabeled, the pace of importation is drastically slowed. Using eight housewives, working part-time, the French importer can process only about 1,500 to 2,000 containers a

day.

When cosmetics importers try to bring in a new product, a detailed procedure is required. Of thousands of cosmetic ingredients on world markets, only 431 items are listed in the handbook for standard raw materials permitted for import, without restriction, pub-lished by the Ministry of Health and Welfare.

Sometimes it is difficult to determine what the government's policy is. Thus, importers were vexed in trying to figure out whether the Ministry of International Trade and Industry had really relaxed its rules on metric labels. In 1961, the MITI had ruled that all labels on foreign products had to be rewrit-

The move was not popular with American-product importers, who argued that the labeling changes were unnecessary and expensive. But when the rule was relaxed in 1978, apparently in response to American pressure, nobody seems to have heard about it. Customs officials seem to have continued their inspection work as before, as the rule change never filtered



In theory, this does not mean that the other items are illegal. Some have been used in Japanese cosmetic products, and have received approval from the minis-try. The problem for importers is to discover which of those ingredients have been approved, and for what products. Executives complain that it is not easy to get a

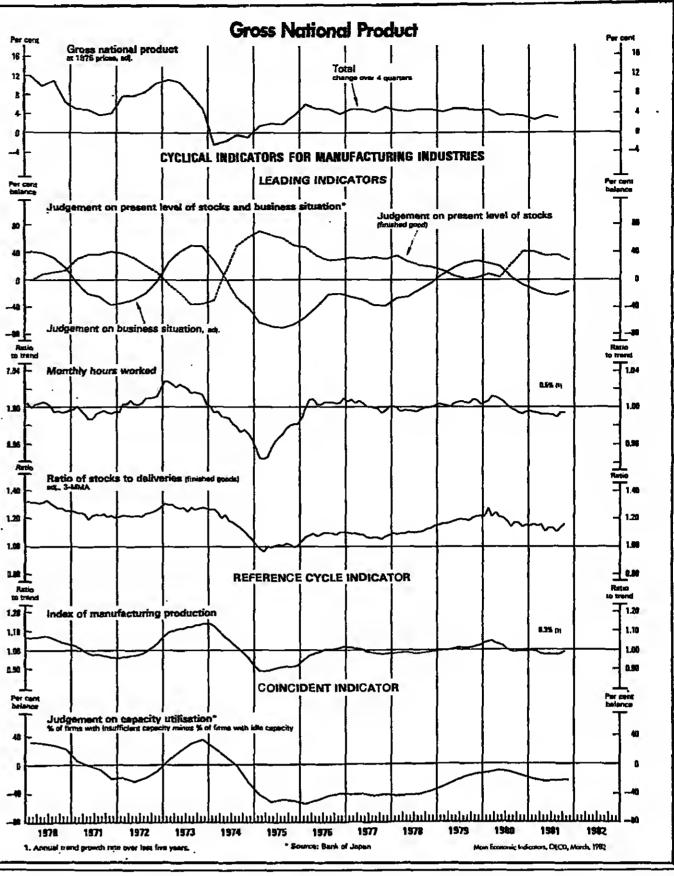
complete list of those products.

Once it is determined that a cosmetic ingredient has not been used in an approved Japanese product, importers must have their product tested for, among other things, toxic and cancer-causing properties. Once again, the principle is that Japanese authorities will not accept such tests that have been carried out in Europe or the Linited States

ten in metric measurements.

down through the bureaucracy.







LONDON DUBLIN ATHENS STOCKHOLM HELSINKI OSLO BERGEN DUSSELDORF HAMBURG MUNICH VIENNA BERLIN BUDAPEST WARSAW PRAGUE BUCHAREST SOFIA BELGRADE BRUSSELS AMSTERDAM PARIS MILAN LISBON MADRID BARCELONA LAS PALMAS ALGIERS CASABLANCA TUNIS ABIDJAN LAGOS DAUALA KINSHASA LUANDA DAR ES SALAAM SALISBURY LUSAKA KITWE JOHANNESBURG NAIROBI KHARTOUM ADDIS ABABA CAIRO TRIPOLI TORONTO MONTREAL VANCOUVER CALGARY NEW YORK CLEVELAND MIAMI WASHINGTON D.C. CHICAGO DETROIT HOUSTON DALLAS - FORT WORTH ATLANTA SEATTLE PORTLAND SAN FRANCISCO DENVER LOS ANGELES PHOENIX MEMPHIS MEXICO CITY HAVANA PANAMA GUATEMALA CITY MANAGUA QUITO GUAYAQUIL CARACAS PORT OF SPAIN BOGOTA LIMA LA PAZ SANTIAGO SAO PAULO RIO DE JANEIRO BELO HORIZONTE BELEM BRASILIA CASCAVEL BUENOS AIRES ANKARA ISTANBUL AMMAN BEIRUT SANAA DAMASCUS BAGHDAD RIYADH JEDDA AL-KHOBAR ABU DHABI DUBAI MUSCAT KUWAIT BAHRAIN DOHA TEHERAN KARACHI LAHORE ISLAMABAD DACCA CHITTAGONG NEW DELHI CALCUTTA MADRAS BANGALORE HYDERABAD BOMBAY GOA PARADEEP COLOMBO RANGOON SINGAPORE KUALA LUMPUR KUCHING SANDAKAN KOTA KINABALU JAKARTA MANILA BACOLOD BANGKOK VIENTIANE PEKING HONG KONG TAIPEI KAOHSIUNG SEOUL NOUMEA SYDNEY MELBOURNE BRISBANE PERTH PORT MORESBY WELLINGTON AUCKLAND, TOKYO AND 51 OTHER BRANCHES THROUGHOUT JAPAN.



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Resisting a U.S. Bid for Defense Technology

persuading Japan to open up the secrets of its most advanced technology for military purposes as it does in penetrating the Japanese

"There is a deep-rooted fear that the United States might be lifting technology for private use," said a Japanese political consultant, explaining why local industrialists tend to oppose any agreement for sharing military technology under the U.S.-Japan security treaty.

Nooetheless, Premier Zenko Suzuki is expected to make good on his pledge to reach an under-standing with the United States on sharing and exchanging defense technology in the next few months. "The United States cannot avoid getting something on defense," said the consultant, "though certainly it is oot going to get the cream of our technology."

The debate on providing the

United States with defense techoology rages on at least three fronts: first, in the form of largely unpublicized discussions among business leaders and government bureaucrats; second, in the Diet (parliament) between leftists and members of the ruling Liberal-Democratic Party, and, third, be-

tween U.S. and Japanese officials. U.S. officials claim they have not presented the Japanese with a shopping list" of what the Pentagon wants, but there is oo doubt that Washington would like a sam-ple of the special paint produced by TKD Electronics to enable lanes and missiles to fly undetected through enemy radar.

Technical Achievements

To be sure, the United States is also working on "stealth" technology for a wide range of aircraft, but TDK Electronics evidently

rite," the magnetic-oxide substance that absorbs radio waves when mixed with paint. TDK is cooperating with the Japan Defense Agency's technical research development agency, which hopes to use "stealth" technology on ground-to-ship missiles by next

It was not until Dr. Orville R. Harris, a U.S. Army researcher, discussed TKD's achievements at information that might give a com-a seminar at Andrews Air Force mercial advantage to their Ameri-Base near Washington last Octo- can rivals. ber, however, that U.S. officials were fully alerted to just how far tant-second-ranking Japan Social-Japanese scientists had progressed. ist Party and other minority Dr. Harris said that the paint mix-groups in the lower house of the ture produced by TDK could re-Diet has given the government an duce a radio wave to 1/250th of its

in producing ceramic engines — prototypes, that is, — likely to come into regular use in cars and even planes in the next 10 to 20 years. Kyoto Ceramics has constructed a three-cylinder diesel en-

feasible," said a report issued by air forces," as well as other war po-the company, which is now planning to begin mass production of Although Japan would seem to certain components as a prelude to have deviated from this structure turning out total ceramic engines. long ago by establishing self-de-The engine still has "quite a few fense forces, the issue touches on bugs," said a Japanese industrial the deepest sensitivities. The Socisource, "but it's coming along very alists won headlines, and consider-

Ceramic engines will not only be when they berated the government more resistant to heat, but will also in February for ramming through weigh less than conventional ones, a plan to modernize F-4 Phantom and will ultimately lead to the profighters with bomb racks and

TOKYO — The United States leads in research and development duction of a new generation of sights to the face of a 14-year-old faces as much difficulty in on "ultra high-performance fer-planes with speed, maneuverability agreement not to equip them with and range hardly imagined today. At the same time, U.S. officials are also eager to obtain insights on

high-speed computer and laser technology - the keys to the military hardware of the 21st century. The biggest problem is how to persuade the private sector," said a Japanese official, observing that Japan's electronic giants were understandably wary of parting with

The opposition raised by the disexcuse to postpone the final decision on technology exchange -U.S. officials also want to know and also is likely to persuade Japamuch more about Japan's success nese leaders not to agree to any in producing ceramic engines — plan for parting with more than absolutely necessary to appease U.S. demands.

Deepest Sensitivities

Socialists and Communists congine made almost entirely of co-ramic material, installed it in the would violate the government's body of a car produced by Isuza ban on exporting weapons and Motors and tested it near Kagoshima, on the southern island of Kyushu. "The test proved that ceramic threat or use of force," along with components for diesel engines are the maintenance of "land, sea and

able support in the national press,

bombing gear.

Nevertheless, Japanese manufacturers appear eager to export their own finished products of pos-sible military application, as evi-denced by a sudden increase in the oumber of companies obtaining "nonweapon certificates" on exports from the Ministry of International Trade and Industry. A

"nonweapon certificate" on a product means that it falls outside the regulation against exporting military material, even if the product later assumes a military purpose, as has already happened in certain types of specialty steel and integrated circuits.

Preferred Approach

Thus U.S. negotiators believe that the government should just as readily agree to cooperate on joint projects as a way of providing technological expertise for military use. The United States prefers this approach to purchasing technology on a license basis, a system that would discourage original research

in the United States.
"As long as you're buying the technology from another country, you're hooked into keeping on buying it," said a U.S. official. He also expressed the fear that Japanese companies would only license less-advanced systems and keep the latest information for them-

"Until you get companies talk-ing to each other and working to-gether," said the official, "you don't know what the other side has." Among other areas he cited were microprocessing, computer chips, fiber-optics, entire production processes and overall designs.

The U.S. argument for persuading the Japanese to part with tech-nology is that the United States

FORGING AHEAD; Japanese Type-74 tanks on parade.

has provided Japanese manufacturers with much expertise in productog military equipment. Kawasaki, for instance, manufac-tures P-3C observation planes on license from Lockheed, while Mitsubishi produces F-15s on a similar deal with McDonnell Douglas.

Japanese military people recog-nize the reality that they've been getting snazzy technology from the United States," said an American official. "There should be a quid pro quo." The official said the Ja-pan Defense Agency sympathized with U.S. aims despite skepticism among Japanese diplomats and trade officials.

Aside from the fears among industrialists and leftist politicians, though, Japanese officials also wonder about the long-range im-

plications of encouraging the growth of what remains a small defense industry. "Once you get this defense industry going, how will you stop it?" asked one official, observing that no major corporanoo relies on defense contracts for survival.

A CONTRACTOR

Not all industrialists shared the doubts of other businessmen and bureaucrats.

Japan "should be allowed to furnish the United States with technology related to arms," said Hosai Hyuga, chairman of Sumitomo Metals, adding bluntly: "We should also be allowed to export weapons to the United States in case the United States needs our

- DONALD KIRK

'Sogo Shosha': The Nation's 9 Trading Giants Reach a Crossroad

I Japan's trade is handled through the "sogo shosha," the giant, general-trading companies unique to Japan, Their scale, resources, range of activities, and worldwide information and communication networks gave drive to Japan's economic miracle. Now, changes in the economic environment are having a profound im-pact on the sogo shosha. Today they are at the crossroads, according to Yohei Mimura, president of the Mitsubishi Corporation, the

largest of the sogo shosha. In the following excerpts from a

respondents Club of Japan, Mr. Mimura explains why. The term "sogo shosha" is usually translated as either a "general" or "integrated" trading company. There are unward of 8,000 trading companies dealing in wider or narrower assortments of products and commodities. Of these organizations, only nine are called sogo shosha. in general, which deal in thousands of different items and engage in a full range of business activities from buying and selling to investment and project management, "In fiscal 1980, these nine gener-

recent address to the Foreign Cor- al traders accounted for \$334 billion of transactions — a ligure 1.7 times the national budget and 30 percent of Japan's gross national product. Sogo shosha accounted for 56 percent of all the country's imports and 49 percent of exports. Obviously, one of our greatest strengths is our scale. "But the question of just what it is that we do and how we do it is one that requires something more than macro statistics. When a Jap-

anese asked me what, really, is the role of a sogo shosha, I generally refer him to his next bowl of tempura soba [noodles]. If you take that dish and break it down into its constituents - including buckwheat flour from Canada for the sobs, soy beans from the United States for the sauce, the shrimp from Indonesia and the wheat flour from the United States for so on - and you

ter top, you have in microcosm the function of an integrated trader. The sogo shosha locates, buys, ships, insures, finances and helps coordinate all the steps required to bring everything together in that one appetizing bowl.

Integrated Traders

"Ao integrated trading company may handle as many as 20,000 to 25,000 different items such as fuels, metals, light and heavy ma-chinery, chemicals, foodstuffs and sophisticated consumer goods. In creating and sustaining these diverse trade flows, the shosha has learned to act not merely as an importer-exporter and distributor, but as a financial deal maker, a turnkey project manager and an investing partner, "The multiplica-tion of the shosha's business functions is the result of changes in both the Japanese and world econability to adapt to new circumstances, to redeploy resources for creating and exploiting new business opportunities.

"Domestically and internationally, the integrated traders have brought clients substantial savings. The shosha reduces risks through its financial arrangements, by tak-ing title to the goods itself or with built-in hedges against currency fluctuation, its worldwide informanon network acts additionally as a kind of early warning system. bringing clients up-to-the-minute reports on changing market conditions, economic trends or local po-

Economic Changes

litical developments.

"Changes in Japan and in the world economy as a whole have had a profound impact on the trace their flow from both foreign and domestic sources to the country in my view, the key to the survival tegrated trader. This has been par-

No. 3 in series

and growth of the shosha is the ticularly true over the last several

"Certainly, the trend has been for more and more Japanese man-ufacturers, who might once have depended on sogo shosha, to un-dertake the development of overseas markets on their own. Toyota, Sony, Seiko and others have provided ample evidence that a Japanese manufacturer with the requisite product, resources and determination, can do a good job of reaching the foreign consumer. To-day, shosha handles relatively few exports from Japan such as cars,

Vs. stereos, watches or carneras. "An even larger consideration for us has been the end of Japan's 'economic miracle.' Starting with the first oil crisis in 1973, the Japanese economy as a whole has had to undergo a series of painful readjustments in moving from a 'boom'

situation to maturity. There are many of us who were happy to discover that the end of the boom meant maturity and not "bust" - but we did see the onset of crises in some industries such as aluminum and petrochemichals, and a radical slowdown of the economy as a whole. This, coupled with the new independence of Japanese consumer goods manufac-turers, occasioned a good deal of gloomy talk about the demise, imminent or otherwise, of the sogo shosha.

Strategic Adjustments

"One reason the pessimists have not been born out, so far, is that the shosha themselves were able to make some strategic adjustments in what was taking place. These, of course, are still being worked out and the verdict is far from in, but certain directions have begun to

"In the case of the Mitsubishi Corporation, I think that our do-mesde business, which now stands at 41 percent, is probably going to at 41 percent, is probably going to decline as a percentage of our total transactions. It is unlikely that domestic transactions are going to generate the long-term growth on which our future prosperity and viability depend. The same may be true of the standard bilateral transactions. actions between Japan and its main trading partners, although this category still obviously affords some important untapped oppor-

tunities.
"But the slowdown in all the advanced industrial economies, the frictions caused by trade imbal-ances and the concern voiced in many places about protecting trou-bled industries, tend to inhibit the growth of trade rather than stimulate its flow.

"By the same token, if we look at some of the ways in which we have traditionally done business. similarly important conclusions emerge. While the shosha's func-tions, in many of its transactions. is essentially that of a commission merchant, this in itself is hardly enough to assure viable future growth. Clearly, we need to be more creative about the ways in which we generate trade flows and the arrangements under which we participate, assume risks and realize profits.
We therefore are actively in-

volved in overseas ventures by investing and organizing joint-venture projects abroad to cultivate new sources of supply and new in-dustries to fulfill future needs.

Long-term Strategy

"Geographically, more and more stress is coming to be placed on third country, or affshore, transactions: Korean jogging shoes and Brazilian coffee to the United States: cooling towers to a Philip-pine power plant or a canning lis-cility to a Venezuelan fruit juice

(Continued on Page 11S)

How to Update Your Knowledge of Japanese Industries. Please answer the following questions.

You will receive the 1982 edition of "Industrial Review of Japan" or "Japan Company Handbook." Only 60 prize winners! The "First Come, First Served" principle will apply. Cut out and mail this sheet today. Your prize is a most reliable information of the Japanese industry, in depth and across the board.



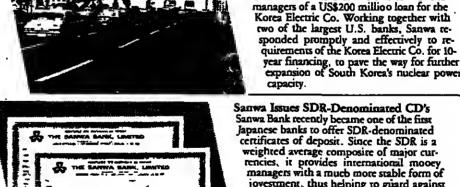
Q.1 Following is a list of the leeding Japanese companies. Please mark any company of which you know something.
Q.2 Of the companies marked, please Indicate any if you know their product names or business line.
Q.3 Please give us two companies in which you ere most Interested, with reasons to be provided in the blenk underneath.

	Qī	Q2	Q3
Asahl Optical Co.			
Caslo Computer Co.			
Canon, Inc.			
C. itoh & Co.			Ĺ
Dalei, Inc.			
Fujitsu, Ltd.			
Hitachi, Ltd.			
Hitachi Shipbuilding & Engineering Co.			
Honda Motor Co.			
Victor Co. of Japan (JVC)			
Konishimku Photo Industry Co.			_,
Kawasaki Steel Corp.			
Komatsu, Ltd.			
Kubota, Ltd.			
Kyoto Ceramic Co.			
Kawasaki Kisen Kaisha, Ltd. ("K" Line)			
Mitsubiahi Chemical Industries, Ltd.			
Mitsublshi Electric Corp.		•	
Matsushita Electric Industrial Co.			
Mitsui Engineering & Shipbuilding Co.			
Minoita Carnera Co.			
Mitsui & Co.			
Mitsubishi Corp.			
Marubeni Corp.		}	
Mitsui O.S.K. Lines, Ltd.			
Mitsubishi Heavy Industries, Ltd.			

 1	Q1	Q2_	Q3
Nippon Electric Co.			
Nissan Motor Co.			
Nippon Steel Corp.			
Nippon Yuaen K.K. (NYK Line)			
Nissho Iwai Corp.			
Ommn Tatelsi Electmnics Co.	l		
Olympus Optical Co.			
Pioneer Electronic Corp.			
Ricoh Co.			
Shiseido Co.			
Sumitomo Metal Industriss, Ltd.			
Sharp Corp.			
Sony Corp.			
Sanyo Electric Co.			1
Sumitomo Corp.			
Sanko Steamship Co.]
Selbu Department Stores Co.			
Silver Seiko, Ltd.			
Toray Industries, Inc.			
TDK Electronics Co.			
Takeda Chemical Industries, Ltd.			
Toshiba Corp.			
Toyo Menka Kaisha, Ltd.			
Toyota Motor Co.			
Teijin, Ltd.			
Yamashite-Shinnihon Steamship Co. (Y.S. Line)			

Reasons why I am interested in those companies:	Name:	(please print)
	Position:	
	Company name:	
	Address:	
Other remarks:	_ #	
Please mail this questionnaire to:	<u> </u>	

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Japanese banks to offer SDR-denominated certificates of deposit. Since the SDR is a
weighted average composite of major currencies, it provides international mooey
managers with a much more stable form of iovestment, thus helping to guard against the volatile fluctuations in exchange values of individual currencies which have prevailed in recent years. Sanwa Bank's first SDR CD issue was made in February 1981, for a total value of SDR20 million (approximately US\$25 millioo). This CD issue provides one more example of Sanwa Bank's policy of innovation to satisfy emerging client requirements.



Putting the Emphasis on Customer Service Sanwa Bank has recently completed a pro-gram to place "Quick Service Lobbies" in all its domestic branches. The latest automated tellers' machines and cash dispensers have been installed in these lobbies and they have been designed to provide a feel-ing of warmth. While emphasizing quick services through computerization, the bank has devoted strong attention to the human element. A new system of "Bank Lobby Consultants" has been introduced to provide more in-depth consulting on financial matters to the bank's individual clients. Through innovations in the areas described above and in other services, the bank has continued to emphasize its customer orien-

Syndicated Loan for Korea Electric Co.

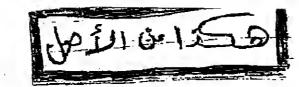
Sanwa Bank again demonstrated its profes

sional capabilioes in the demanding field of internacional loan syndications through its Hong Kong Subsidiary—Sanwa Inter-national Finance Ltd.—as one of the lead

SANWA BANK

TOTAL ASSETS: V16,007 billion (US\$76.0 billion) DEPOSITS: V11,873 billion (US\$56.4 billion) LOANS & BILLS OISCOUNTEO: V8,475 billion (US\$40.2 billion), As of March 31 1981

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Exports: Widening Gulf of Misunderstanding

TOKYO — Rarely has there been a more obvious misunderstanding" between Tokyo and its trading partners. Although the United States and the European Community are convinced that Japan is keeping the yen cheap, and the Japanese economy sluggish, to increase its trade surplus even further, Japanese economists and planners complain that they are doing everything they can in re-duce that surplus.

They say that their hands are tied, by economic realities, from taking the fiscal and monetary measures needed to plot a true economic recovery. Only a vigorous domestic economic recovery would increase Japanese demand for imports, and cut Japanese industry's need to export in order to make a profit. But that economic recovery is beyond the power of Japanese

As far as Europe and the United States are concerned, the recent depreciation of the yen — which has brought that currency to nearly 240 yen in the dollar — is symbolic of Japan's continued lack of cooperation on the trade front. Even as the Japanese claim to be taking measures to eradicate 67 "nontariff barriers" to trade, Japan seems to be allowing its currency to weaken as much as possible. A cheap yen, the argument goes, more than compensates for any trade liberalization measures by making Japanese goods even cheaper overseas - thus, even more competitive. Japan's surplus with the world will this year far ex-

'In some ways, Japan's spectacular trade performance is only a symptom of her poor performance at home; those great trade surpluses have only obscured that weakness."

ceed the 2 trillion yen of 1981, unless the yen is strengthened. amption of both American and European observers is that, somehow, the Bank of Japan is not taking the measures it easily could take in strengthen the yen. Vast purchases of the Japanese currency would halt its sudden declime. But there is also the percep-tion by some observers that the Japanese actually like what is happening to the yen. As one Europe-an banker in Tokyo expressed it: "The Japanese have traditionally complained when the yen got too strong. They know that their lifeblood is exports, and they have to protect that by keeping the yen as cheap as possible."

Yen Strength

But Japanese economists and men complain that it is no longer in their interest to have a cheap yen. They say, moreover, that they would like to stimulate Japan's economy in strengthen the yen, but that their hands are tied. "We now realize that a stronger yen is deflationary," said a steel executive, "and that we can, in any event, compete even with a strong-er yen. Why, then, would we have in cheapen it, and cause all these

The culprit for the dangerously weaker yen, and a continued sluggish Japanese economy, is the con-tinued high level of American interest rates. If U.S. rates finally started to come down, explains Rikizo Komaki, chief economist of the Chase Manhattan Bank in Tokyo, the Japanese government would be able in take the stimulatory monetary policy required to get the economy moving. But until they do, the government's hands are tied on monetary policy. As Mr. Komaki explains: The Bank of Japan can't lower its discount

Thus, while such a stimulatory monetary move would lead to an increase in Japanese domestic demand, stimulate imports into Japan, and relieve the pressure from nese industry in export in the United States and Europe — all positive results — it would have a deleterious effect as well. The yen would weaken even further as a result of the fact that interest rate differentials between the United States and Japan would expand even further.

For 9 Trade Giants, a Crossroad

(Continued from Page 10S) factory; Mexican industrial salt to Canada; Canadian pulp to Europe; European petrochemicals to the United States or American

petrochemicals to southeast Asia

stroad

.. and so on. "Hopefully, it is not self-deception for us to believe that the shosha will have an important role to play as a facilitator and a participant in new trade flows involving both the advanced and developing nations of their world, including those of the Pacific Rim and those

farther away. "With the world economy growing more and more interdepen-dent, the shosha really needs to make itself indispensable as an agent for bringing together the necessary elements for progress and assuring a smooth mesh whether the matter at hand is a new petrochemical plant in Saudi Arabia, or a modern pineapple farming operation in Thailand, or a joint manufacturing venture in the United States."

To realize this ambition shosha must be prepared to do more than collect commissions on routine shipments of commodities.

And, in fact, we are doing more. For one, we have put our organiz-

ing abilities to work as a prime contractor for world-scale projects ranging from power plants to international airports. In these, we bring together the expertise of companies from many different countries and may even get involved in the construction of supporting infrastructure such as nr-

ban development programs in the developing countries, including high-rise apartment buildings, schools, hospitals, communica-tions systems and television sta-

Marketing Subsidiaries

"Where the project is some sort of processing or production facili-ty, such as a petrochemical plant, we may also be involved in the supply of raw materials and the marketing of the finished product. "On the whole, we are gearing up to be more active and aggre

sive marketers of goods of all kinds. An increase in the number of internal marketing teams and marketing subsidiaries throughout

rate — already much lower than in the United States or Europe — any further, because that would only weaken the already cheap yen. Things would only get worse."

world regions and product lines in which it is most critically involved.

"In Brunei, for example, Mitsubishi is partners with the govern-ment and with Royal Dutch Shell in developing a substantial liquefied natural gas industry. At the suggestion of the government, we have also undertaken a rather exciting new experiment to create a cattle breeding industry there.

"In the United States, our largest trading partner and a major focus of our investment activity, we are making a nine-figure investment in partnership with the Ken-necott Corporation to modernize that company's Chino, New Mexico, copper mine, In Australia, we are partners in ventures ranging from coal and iron ore, to automo-bile assembly and wool processing for export.

"Certainly, not all of the shosha's investments have been mammoth in scale, and the field has hardly been exhausted, but I think we should see the trend aca stable and secure economic cavironment."

nese imports of iron ore, crude oil, and other key raw materials. And although that surplus is now growing at an annual rate of \$12 billion, Thus, in the longer run, Japan's exports to the outside world would private economists predict an eventual 1982 surplus of between \$15 and \$18 billion, unless dramatic measures to sumulate Japan's be even cheaper than they are now - thus increasing the trade sur-plus. And at the same time, Jaeconomy are taken. can's inflation rate would increase. In short, then, the traditional solu-

Budget Deficit

government spending in expand the domestic economy would help

stry of Finance has a dispropor-

In the short run, economists and

un relieve trade frictions. In its do-

nothing policy, the government will be buttressed by rosy predic-

tions of its own Economic Plan-ning Agency (EPA) that real growth in 1982 will attain a level

In strong contrast to the per-

formance last year, the EPA pre-dicts fully 80 percent of this year's

growth - or 4 percent real gross

national product GNP growth — will be registered in the domestic sector, rather than from exports.

In short, the EPA is predicting that

things will take care of themselves; that the domestic economy will re-

vive, and export tensions recede,

even if the government takes no

Growth Predictions

predictions were made on the basis

of several assumptions, which may

no longer apply. As Masaru Yoshi-

tomi, chief economist at the Eco-

nomic Planning Agency, admits, the EPA's predictions were predi-

cated on the assumption of declin-

ing U.S. interest rates, and an in-

ternational exchange rate that put the yen at 220 to the dollar - or

even stronger - for the last half of

Mr. Yoshitomi agrees with pri-

But the government's growth

important new measures.

Although Mr. Yoshitomi predicts a stronger domestic economy, even he admits that his assump monetary policy — just can't work, given the peculiar realities of the present situation. tions include a decline in U.S. rates. "Almost all our predictions depend on the movement of the United States rates and the yen," Fiscal policy measures also seem do not come down, he predicts, at of the question for the then it will remain impossible for out of the question for the moment. For although increased the Japanese government in take the stimulatory measures required to help turn the trade figures

imports into Japan and relieve pressure on Japanese industry to In such a case, it is clear that Japan's trading and current ac-count surpluses will continue in mount beyond historic levels, deexport, the Japanese government is gravely alraid of aggravating its al-ready mammoth \$47.5-billion deficit — a deficit larger than the com-bined debits of Western Europe. Arguing that the conservative Minspite any lip service measures in relieve "nontariff barriers." At best, the removal of such harriers will take several years to work its alleged magic, but the continued sluggishness of Japan's domestic tionately large amount of power over government policy, Akio economy would have clear and harmful consequences.

Kohno, senior economist at the Daiwa Bank in Tokyo, argues that "recent government policy assumes that the budget deficit is more important than growth," or the problem of trade friction between Japan and its partners. "The One American businessman in Tokyo said: "If the Japanese economy continues to be sluggish and if people continue to postpone their purchases of products vital to tween Japan and its partners. "The tail is now wagging the dog," he the household, such as antomobiles and appliances, it is clear that Japanese industry will be under planners thus expect the govern-ment to do absolutely nothing new, despite the rising chorus of demands from trading partners that Japan stimulate its economy pressure to export as much as possible to keep productive levels high. There is no alternative, because industry cannot go out and fire thousands of workers."

Trade Performance

In some ways, Japan's spectacu-lar trade performance is only a symptom of her poor performance at home; those great trade surplus-es have only obscured that weak-ness. Thus, while the world has long been aware of the sluggish automobile markets in the United States, little has been written about the very slow sales of Japanese cars at home. An American anin executive in Japan said: "Forcing Japanese industry overseas is perhaps the clearest exam-ple of aluggishness at home. They cannot sell nearly as many cars as they want at home, so they have to push their overseas sales." At best, however, even with government stimulatory measures, Japan's au-tomobile market will grow by only 3 to 5 percent a year in the 1980s. The reason is that the market, like narrow Japanese roads, is samrat-

Even if the government fully libcralized automobile imports - relieving the host of nontariff barriers which remain, and stimulated the Japanese economy to the hilt -it would not do much to stimulate automobile imports into Japan. Since the "pie" of automobile sales is expanding very slowly (percelerate in the years ahead, particularly in those countries that offer a stable and secure economic cuviwith a least \$12 billion in 1982 profits, the auto companies would on the strength of declining Japa-

port half their products, just in stay in business. Japan's policy makers also find their hands tied, in a different way. as a result of their success in pro-

moting energy saving measures. In the past, any growth in domestic demand would automatically lead to vast new expenditures in iron ore, coking coal, crude oil and

other key minerals. But with the development of energy-saving technologies, now widely dispersed through industry, each expansion in Japan's domestie demand leads to an ever smaller expansion in demand for vital imports of raw ma-

ierials. Thus, even if planners begrudgingly took the stimulatory measures that foreign pressure now de-mands, they would be less certain it would have the desirable impact on trade balances that it had in the past. "Certainly," said one govern-ment official, "we would have to stimulate things more, and take the risk of greater inflationary impact, in order to reach the same

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Irritations Grow Over Difference of Views on Trade Liberalization

TOKYO — As tension persists in Japan's relations with its Western trading partners, Tokyo's government leaders are showing signs of a growing irritation with what seems to be a lack of appreciation of their determined efforts to open the nation's market wider to foreign products.

Unlike their attitude in some previous disputes, they are now reacting vigorously to continued pressure from the United States and the European Economic Community for further measures to fa-

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is an excellent resource for

ond largest consumer market after that of the United States. When the EEC Council of Min-

isters was recently reported considering the idea of invoking the General Agreement on Tariffs and Trade (GATT), Article 23, against Japan, Shintaro Abe, Minister of International Trade and Industry (MITT), bluntly invited the ECC to reflect on its own behavior before finding fault with Japan."

The EEC applies discriminatory measures against the importation of 51 Japanese goods," he cilitate access to the world's sec- said. "It further imposes a surtax

Active on all five continents----

it is restricting trade to a greater extent than Japan does."

Article 23 can be invoked when a GATT member believes that international trade rules are being nullified or impaired.

Similarly, when the United States called for a further liberalization of the services sector in Japan, the Ministry of Finance promptly retorted that the banking, securities and insurance mar-kets in this country were already entirely open, adding that foreign husinesses in those fields were ac-

ment than Japanese firms. Not content with such defensive actions, Japan is turning the tables on its critics. It will soon officially

complain that the United States and Australia are trampling on GATT rules. It intends to take before the

GATT Commission, invoking Article 23, the increase in the American import tariff on automobile cab chassis from 4 percent to 25 percent and the Australian limitation on the importation of Japaneso-made video tape recorders. Bilateral talks on these two issues have proven unproductive.

This litigious mood reflects a growing and pervasive feeling among the Japanese that their country is being used as a whipping boy for the world's economic troubles, in spite of their having bent over backward to lessen trade

Their posicion is that they have not done anything wrong except to succeed. Being thus convinced that they are right, they tend to consider that the U.S. and European trade deficits with Japan are the fault of the West

A typical comment is that made by Yasushi Hara, editor for international economic affairs of the influential Asahi Shimbun newspaper, who said that Western nations risk embarking on a "dangerous path if they continue making a scapegoat of Japan," and added:
"It is time for Japan to shed its small-country complex and to take up the role of a major nation."

Japan last year had a trade sur-plus of \$10.3 billion with the EEC and \$12.02 billion with the United

Lifting Barriers

The Japanese government adopted, on Jan. 29, one of the most far-reaching attempts to make the nation's market more accessible to foreign exporters by lifting scores of nontariff barriers and diluting a dozen more.

The action was in response to 99 United States and EEC demands for the improvement of import testing, standards, licenses, customs and other procedures affecting such goods as pharmaceuticals. medical equipment, electrical appliances, motor vehicles, some agricultural commodities and consumer goods.

The government agreed to improve import procedures for 67 of the requests, said it would study nine other items and left eight unchanged. Fifteen others were described as having already been amended to conform with accept-ed international standards and

on agricultural imports. In effect, corded equal or even better treat- therefore did not require further

At the same time, the government created the Office of the Trade Ombudsman (OTO), beaded by the deputy chief cabinet secretary. He will coordinate the operations of the new offices established in 12 ministries and agencies to listen to trade grievances and seek their disposal.

The blueprint for this sweeping action was drawn up by an ad hoc committee on external trade problems of the ruling Liberal-Demo-cratic Party in 22 meetings held since its establishment on Dec. 9.

Swift Action

This swift action, compared to the usual inchworm pace of Japanese government decisions on trade reflected the seriousness with which government and busi-ness viewed their trade problems.

The party committee that pushed through these reforms with imprecedented speed was chaired by Masumi Ezaki, who once headthe MITL which, from the 1950s to the mid-60s, earned the Il-fame of being the bastion of

hidebound protectionism.

The official dogma observed by the bureaucrats then was that Japan was a poor island nation without natural resources that has to import raw materials and export manufactured products while remaining self-sufficient in agricul-ture and manufactured goods in order to survive.

"We wanted these steps to be taken at the initiative of elected representatives of the people so that the world would know that our nation was in favor them," said Taisuzo Mizukami, president of the Japan Foreign Trade Council, in an interview. Mr. Mizukami, a former president and later chair-man of Mitsui Co., Japan's second largest trading house, said he had long been an advocate of free trade because it brings mutual benefits to it participants.

Mr. Mizukami declared that he had campaigned for the last 30 years to enable foreign business to have freer access to the Japanese market, together with his successor at the head of the mammoth firm, Yoshizo Ikeda, who is chairman of the private Manufactured Products Import Promotion Organiza-tion (MIPRO).

Trade Liberalization

In addition to the dismantling of nontariff barriers, the Japanese government decided to advance, by two years, a reduction io customs tariffs for 1,650 industrial

These cuts were agreed upon in the so-called Tokyo Round of multilateral trade negotiations under GATT auspices in 1979. Under the terms of the agreement. Japan was

industrial products against 31 per-cent for the United States and 27 percent by the EEC. These cuts were to be implemented by eight equal installments beginning in January, 1980. Japan has unilaterally increased the first installment by two-eighths. As a result, Japan's overall import duties will fall to 3.2 percent on the average, bringing them to the lowest level among major industrial countries.

With this trade liberalization package, Japan's leaders hoped to see the reduction in the pent-up resentment of the United States and the EEC that had developed through the years over their frustration in being unable to penetrate the Japanese market.

"This positive response on our part should be understood as reflecting Japan's maximum efforts and sincerity," Foreign Minister Yoshio Sakurauchi declared to foreign correspondents at the time.

Voluntary Restraints

Many Japanese are concerned with this persistent attitude on the part of their country's Western trading partners, which, they contend, seems to ignore the concessions Japan has made to ease trade frictions by reducing its merchandise trade surplus.

They point to the voluntary restraints that Japan has adopted on exports of automobiles and television sets, to the admission of foreign bidders to government procurement, to the sending of official import missions abroad to buy forcign goods, to the imports of commercial aircraft to be leased to foreign airlines and to the purchase of Japanese ships from their foreign

Government agencies such as the Japan External Trade Organization (JETRO), originally set up to promote Japanese exports, now produce marketing surveys for foreign commodities with a sales potential in the Japanese market and organize trade fairs and seminars for the benefit of foreign export-

Japanese big business, they add, has offered marketing assistance to foreign husinessmen while MTPRO holds exhibitions of foreign products to acquaint the Japanese publie with what can be bought

One major Japanese electronics firm has even run advertisements uffering to assist exporters in promoting their sales in Japan. The ads were headlined: "We export our products; we can import

Against this background, Mr. Ezaki, who nailed together the package for eliminating or lowering nontariff barriers, said he hoped that "exporting countries will make sufficient efforts" to take advantage of the newly adopt-

Contributions to National Income, by Country

Rates of Tax and Social Security

ed measures, while Foreign Minister Sakurauchi said that it was now up to American and European businessmen to exploit Japan's market liberalization efforts to increase the sales of their goods in

Toshio Nakamura, chairman of the Mitsubishi Bank, deplores the fact such statements may have given rise to the interpretation that Japan now considers "the ball to be in the West's court" and does not intend to take further steps to open its market to foreign inter-

this country.

"It was not meant in that sense," declared Mr. Nakamura, who heads the committee for Japan-European trade relations in the Keidanren, the powerful Fed-eration of the Japanese Economic Associations. "We shall continue our efforts to allay any discontent that prevails, in addition to the steps we have already taken. through candid discussions with our partners." He added; "If we can be provided with specific grievances, we shall consider them and pass them on to the appropriate government agencies for dis-

Mr. Nakamura remarked that some Europeans seem to assume that because a product is successful in their traditional export markets it will also appeal to the Japa-

"Because European household appliances sell well in the Balkans," he asserted, "that is no rea-son why they should find a ready market in Japan, After all, conditions and tastes differ."

Mr. Nakamura pointed out that the Japanese consumer has traditionally prized imported goods. Suits made from English textiles are a widely accepted status symbol among men, while women closely follow the dictates of European fashion." However, imported goods, he admitted, tend to be highly priced by the time they reach the retail level after having moved through the complex Japanese distribution system. These high prices enhance their apprecia-tion among consumers but, on the

other hand, limit the quantity of

The labyrinthine structure of the Japanese distribution system has frequently been described by for-eign businessmen as a nontariff barrier against imports. They look upon it as a nightmare that runs counter to their ideas of efficiency.

"The large number of middlemen in this system," Mr. Nakamu-ra said, "does slow down the flow of commodities and increases their price because of the trading margins collected at each stage of the distribution pipeline.

"However, the system has its roots in the Japanese social structure, having a long history that can be traced back to feudal days. Be-sides, wholesalers play an import-ant financial role in the domestic commercial establishment as retailers need credit to operate."

On this subject, Mr. Mizukami observed that Japanese companies "have to live with this distribution system. They also have to deal with wholesalers to dispose of their goods. It is therefore wrong to say that the system is specifically de-signed to impede the flow of im-ported products."

There are 930 Japanese enterprises in the United States, where 22,000 Japanese are employed," he said. "In Japan, we have 170 American businesses with 1,600 U.S. citizens working in them. As for Europeans, many of them tend to consider Japan as a part of the

Asian market. "They do not take into consideration the character of our consumer market, which strongly reflects our cultural level. Japanese consumers have come to require high quality in the goods they buy. When you consider that we have a population in excess of 100 milion, with a high purchasing power, it is a promising market."

But he added: "To penetrate it, foreign businessmen must not forget that we are an industrially developed nation where goods that are welcomed in other parts of Asia are not necessarily well received."

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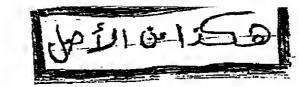
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New City For 1990s

(Continued from Page 7S)

with technological knowledge seeming to increase by geometric progression, millions of Japanese may not have to commute to work at all. They could instead stay in their own homes, each equipped with a computer for job, research or study - and communicate entirely by facsimile transmission. Japan's quasi-governmental Nip-pon Telegram and Telephone Company (NTT) has installed the first fiber-optical test cables over which ordinary home subscribers will routinely send facsimile messages by the year 2000.

It is possible to transmit facsimi-

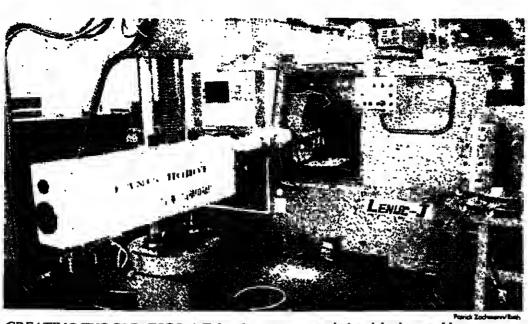
les by ordinary coaxial cables made of copper, say NTT engineers, but fiber-optical wiring heralds a wideband service or single gineering bureau, is that transmis-sion of video signals over existing cables is simply too expensive for most consumers. With fiber-optics, NTT expects to keep increasing the capacity of each fiber and to pack at least five times more than

now fit into a cross-section.

Add to the advantages of fiber-optics the proliferation of information retained in computers, and you have the answer to one of Japan's most vexing problems in communicating - namely that educated Japanese read approxi-mately 10,000 different Kanji or Chinese characters in addition to their own 48-letter Hiragana and Katakana alphabets, the latter used largely for words picked up from foreign languages.

The need for vast memory banks to store up all these thoughts has doubtless lent urgency to the quest for the ultimate in microchips. Five Japanese manufacturers now have 40 percent of the world mar-ket in 64K-bit Random Access Memory (RAM) chips, each of which can store slightly more than 64,000 pieces of information, and are experimentally producing 256K RAM chips with four times the memory. The 64K chip can retain 300 Kanji, the 256K as many as 3,000 — and the 1,000K, or megabit, expected in several years, will absorb all of them.

: With at least two Japanese companies claiming to produce the world's fastest computer, the Japanese believe that their own manufacturers are nearly, if not exactly,



CREATING THE CREATORS: A Tokyo factory turns out industrial robot machinery.

on the same level as IBM. The No. l company for computers in Ja-pan, Fujitsu, is developing a gallium-arsenide semiconductor that will be 25 times faster than silicone and will probably turn out fifthgeneration computers, responding to voice commands and reading charts and graphs, by the 1990s.

The key to that feat may be the Josephson Junction device that conveys electrons faster than any other type through super-thin pieces of metal at a temperature of 270 degrees below zero. While Fujitsu gears up to manufacture its HEMT or High-Speed Mobility Transistor with gallium arsenide, both MITI and the government's Science and Technology Agency are financing the research needed to perfect the Josephson Junction in the race to beat IBM into mass production.

Equally dramatic is the scramble to increase the speed at which people transport themselves and their products, Japan National Railways (JNR) plans to lengthen, from 7 kilometers to 30, the track on the southern island of Kyushu' on which it has already tested a train speeding along 10 centime-ters above ground at speeds up to 514 kilometers per bour.

By the late 1990s, said Jiro Hanyu, a policy planning officer at the Ministry of Transport, the JNR will have inaugurated a regular service on a super-conducting mag-netic levitation railway system designed to replace the vaunted shinkansen or bullet trains, which are already speeding along at more than 200 k.p.h. from Kyusbu to Tokyo - and which are on the verge of running on new routes to the northern island of

Ahead of the rest of the world on rails, Japan ranks a respectable if distant third to the United States and the Soviet Union in the rush to outer space with 11 satellites launched by the National Space

Development Agency from Tane-gashima Island, south of Kyusbu.

Three-Stage System

In the latest launching last August, NASDA for the first time put up a geosynchronous satellite — one that remains stationary over the equator — with its own technology. Japanese manufacturers are building the components for a new three-stage launching system which NASDA expects will put up satellites weighing as much as 800 kilograms — more than twice as heavy as any Japanese satellite now in orbit — by 1986. While probing the universe, the

Japanese are exploring the root chemical of existence with research on DNA. Japan's pharmaceutical, chemical and food industries are investing as much as half of their research budgets on producing en-zymes and amino acids by fermen-tation processes benefiting from centuries of experience in brewing sake, soy sance and miso, the saltytasting substance often used in Japanese soup.

A typical example of such research is a program supported by MITI for producing alcohol from wastes like orange peels - and for making yeast more resistant to alcohol so it will not be necessary to distil it so extensively. "The Japa-nese are behind the United States in research on tecombinant DNA," said Justin Bloom, who recently finished six years as science and technology counsellor at the U.S. Embassy here, "but they are

The Shaping Up of a Lopsided Economy

(Continued from Page 7S)

cits, the government is committed to reducing expenditure, rather than expanding it.

A further reduction in interest rates also seems to be ruled out. The wide gap between Japanese and U.S. interest rates is largely responsible for the current senous undervaluation of the yen. To widen the gap further would invite even more trade trouble and fric-

The one bright spot on the horizon is the low rate of inflation now less than 4 percent a year. If and when U.S. interest rates fall, the government can move quickly to loosen money policies.

Trade Issue

The other possibility is to try to solve the trade issue, and so find new markets for Japanese exports.
Contrary to popular belief, the
past oil shocks helped rather than
hurt the Japanese economy. High prices for oil imports allowed exports to expand rapidly and pushed Japanese industry into important energy-saving investments.

considered the front-runner in ap-

In the race to catch up, keep

pace or stay ahead, the Japanese suffer from one great handicap

the nation's lack of raw materials, notably crude oil. The answer to that problem lies in part in MITT's

Sunshine Project for extracting en-ergy from the sun's rays, from geothermal resources and from

coal liquefaction and gasification

homes complete with vacuum solar

ergy stored underground in hot-water tanks — another possibility

for testing in a technopolis of the

Japanese Ingennity

Is there any limit to the ingenui-

ty of the Japanese in confronting

a smiling entrepreneur of Korean

descent named Kimiyase Ase, who

never attended high school, dem-

onstrates a startlingly imaginative

perception of a coming era. Three years after opening a "capsule ho-

tel" with berths for 70 persons, he

is marketing his "life capsules" in

Japan and soon will export them.

Large enough for one to sleep in, equipped with TV, fold-out writing

table and reading lamp, the life

capsule may be as significant an omen of the next century as the

last word in robots or computers.

the impact of future shock? In the Tokyo suburb of Mitaka,

plication of this science."

In the same way today, a rapid liberalization of the Japanese economy to reduce trade criticisms and expand imports would also help rather than harm. But the Japanese seem determined to keep to their present conservative course in trade matters.

— all in addition to programs for drastically changing the number of Most Japanese commentators nuclear power stations and substiremain surprisingly optimistic about the immediate future for tuting coal for oil in heavy industheir economy. Most are predicting a GNP growth of around 4 percent for the coming fiscal year. Sanyo Corporation is building The government target is 5.2 per-cent, despite the fact that its 4.1cells, and cameras and pocket calculators powered by light rays are on the market. The next step, logipercent target for this year seems cally, is a factory run on solar enunlikely to be reached.

Some faith is pinned on a slow recovery in the world economy, allowing Japan to go back to exportled growth, though the recent trade pressures on Japan from both the European Economic Community and the United States will doubtless blunt optimism in this direc-

But the main hope is for a recovery in domestic demand. From a fall of 0.6 percent in 1980 and a very small growth in fiscal 1981, consumer spending, it is hoped, will rise by a real 3.9 percent in 1982. Housing is supposed to rise by around 10 percent, as compared to virtually zero growth in fiscal 1981. In a startling reversal of the current situation, domestic demand is supposed to contribute to 80 percent of growth, leaving only 20 percent for the export sector. In effect, the planners hope that

1982 will see the beginning of a rebound from the suppression of de-mand over the last two years. The other bope is that the annual wage negotiations this spring will lead to some improvement in consumer

purchasing willingness.

Under the impact of the second round of oil price increases, real wages have shown very slow rates of growth in recent years, and last year may even have mrned down-ward. But with a nominal wage increase of 6 to 7 percent expected this year, and low inflation rates, some improvement in cons confidence is expected.

On the other hand, big wage in-creases add a further burden to the heavily depressed small and medi-um-scale industries that underpin much of the Japanese economy. And the continuing increase in the personal tax burden, with the govermment for the third year in suc-cession resisting pressure to adjust tax rates for inflation, will also

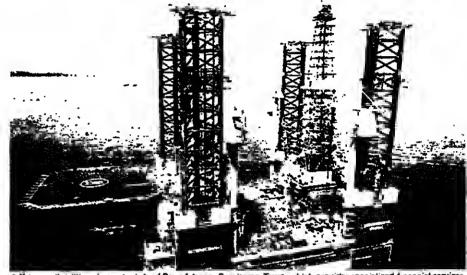
have a depressing effect Given these problems, some are beginning to speculate whether the government might not be forced in the near future to take another look at the possibility of rellationary policies. Deliberate reflation

would also do something to take the edge off current trade criti-

The discount rate could be lowcred from its present 5.5 percent. bringing down interest rates from the current 8-10-9-percent level. Al-ready there is some talk of the government's bringing forward public works spending in the next fiscal year, and perhaps even considering some increase in the planned

But in the long term, a complete restructuring of the Japanese economy will be needed.

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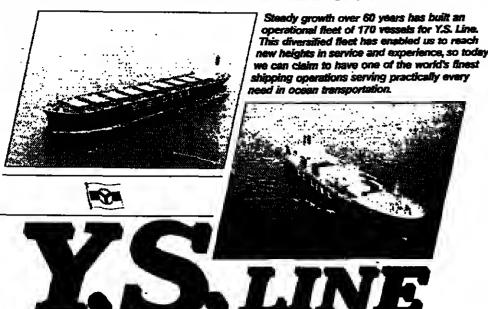
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JAPAN A

Taking a Look Behind The Dazzling Figures

By Robert J. Samuelson

OKYO - In the middle of this L city, you can visit a model housing development. By Ameri-can standards, the homes are modest, even a bit cramped. But in Japan, they are huxury homes, and the saleswoman showing them ad-mits that the builder doesn't expect to sell many. The idea is to attract customers and then per-

suade them to buy smaller models. Visiting the housing project pro-vides a useful reminder that, for all its accomplishments, Japan is still behind the West in many areas. The notion of Japan as No. 1—the catchy title of a book by a Harvard professor a few years ago — needs considerable qualification.

There are two Japans: one with considerable flaws, the other a

spectacular success story. The differences are important if Americans are to keep Japan's economic advance in perspective. Failing to recognize the weaknesses risks creating a national inferiority complex, a feeling that Japan is doing everything right and the United States, everything wrong. But Japan's success also has a lot to teach Americans.

The first Japan is less than the onomic miracle it's cracked up to be. To be sure, its performance — by the statistics — has been daz-zling. Between 1950 and 1980, its per capita income rose from one-thirteenth of the U.S. level to about four-fifths. Japan's recent economic record has been especially impressive. In the 1970s, its anhy impressive. In the 1970s, its annual growth averaged 5.3 percent, compared with 2.8 percent for the Umined States and 3.1 percent for West Germany.

But the statistics hide major differences between the Umited States

The economic miracle that has taken place in the last two decades is impressive, indeed, but the nation is still burdened with its own inefficiencies.

and Japan that represent a huge gap in real living standards — a gap that may take decades to

Housing is the most conspicu ous. The average Japanese family has living space of about 850 square feet, slightly more than half the average for Americans, Attributing this to Japan's high popula-tion density is a mistake: Belgi-um's population density exceeds Japan's, but living space is considerably greater. The culprits are the peculiarities of land ownership, boosting real estate prices, and steep construction costs.

Leisure time represents another huge difference. Workers in banks, government offices and many small shops and firms still work part-time on Saturdays. Vacations and paid holidays are fewer than in the West; a two-week summer longer. In 1980, nearly half of Japanese men over 65 worked, com-pared with one-fifth in the United

Finally, the Japanese spend a far larger portion of their income (nearly 30 percent) for food than do Americans (about 20 percent), and they receive less. This reflects and they receive agricultural endowment of the United States but also Japan's costly policy of subsidizing small, part-time farm-

To cite these shortcomings is not to demean the Japanese achievement. Most Japanese now live an essentially middle-class existence — something not true 20 years ago — and not even a decade ago, almost everyone worked a six-day week. But the country is burdened with its own inefficiencies. It has a buge sector of small firms, where buge sector of small firms, where productivity and wages are lower than in the bigger, export-oriented companies. With about half the population of the United States, for instance, Japan has almost the same number of retail stores.

Little of this seeps abroad, where the second Japan — the spectacular saccess story — dominates public consciousness. Its auto and steel industries are prob-

auto and steel industries are prob-

ably the world's most efficient; in electronics, it leads in consumer products (stereos, calculators) and is challenging U.S. firms in semi-conductors and computers.

Tadao Uchida, an economist at Tokyo University, auributes this superior performance to management and worker attitudes toward technology. Engineers, he says, are far more likely to rise to top management. Equally important, workgies. Both management and workers see a common interest, reduced costs and increased sales.

Inflation Held Down

Similar attitudes affect economic growth. Japan is exceptional among highly industrialized na-tions in having avoided a pro-nounced collision between a tight nounced collision between a tight money policy designed to bring inflation down and rapidly rising wages designed to keep up with past inflation. Imported energy represents 85 percent of Japan's supplies, yet after the 1979-80 oil price explosion, Japanese workers accepted about a 7-percent wage increase. Inflation was held to 8 percent in 1980 and has subsequently dropped to about 5 perquently dropped to about 5 per-

What underpins these Japanese attitudes is insecurity. As a nation, Japan feels enormously vulnerable to outside events. It imports not only most of its energy but also much of its food and many critical industrial commodities, such as coal and iron ore. The word that recurs in conversations with Japanese is "survival." The Japanese are obsessed with maintaining their competitiveness. They must export to import.

States and Europe is painful, Even in the direct circumstances, U.S. workers and managers often cannot assert common interests. Only recently, General Motors Corp. and the United Auto Workers confirmed this by failing to reduce labor costs as a way to revive de-pressed car sales. The paradox is mistakable: Feeling enormously insecure, the Japanese have so far insecurities that the United States . and Western Europe - not feeling

CAN DO, BOSS: A workman takes only a moment to oblige a photographer before he

The contrast with the United

continues his tasks on a construction project on Kobe Port Island.

vengeance.
Whether Japan's good fortune
will continue is unclear. Much of recent growth has reflected

so insecure - are suffering with a

buoyant exports. As Daniel Yogin recently pointed out in the New Republic, Japan remains expected to the West's slump and to protectionism. Moreover, its communicationism. Moreover, its communication with signs — productivity infigures and overall growth — have weakened since the early 1976; — Americans can take no comfort

from this. The United States heatill wealthier, but Japan has managed itself far better. Mainly, it has not ed. It has developed a missional sense of self-restraint and drive; attitudes as much as methods ex-

 $K^{\it EN}$ ISHII is a correspondent in Japan for the International Herald Tribune.

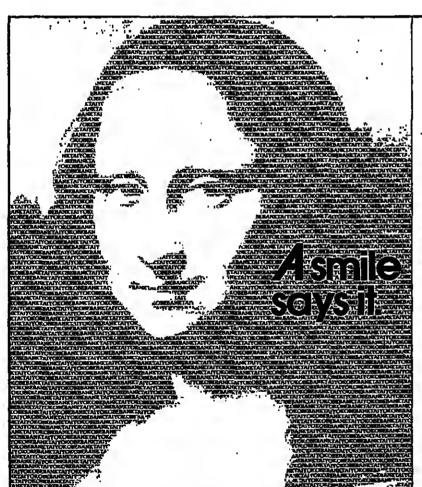
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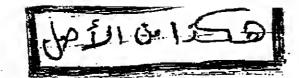
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'Foreign Affiliates': Tenacity And Drive Are Big Advantage

TOKYO — Since 1967, when Japan began dismantling the most restrictive controls in the world on foreign investment. To-kyo's Ministry of International Trade and Industry (MITI) bas kept a yearly tab on what it vague ly refers to as "foreign business af-

Under this diffuse official label come all firms with foreign interests, ranging from those with a minimal 15 percent non-Japane equity share to those of total for-

MITI reported, on the basis of its latest survey last November. that collectively, the companies under this broad definition had aggregate assets of about \$43 billion employed 261,000 people and had sales of approximately \$62 billion in fiscal year 1979 that ended on March 31, 1980. This constituted 22 percent of the aggregate assets of all business corporations in the country, I percent of the employed work force and 2 percent of total

According to the survey, companies engaged in commerce pre-dominated at 44.1 percent, exceeding for the first time in 14 years those in the manufacturing industries, which stood at 42.8 percent.

Foreign Affiliates

This trend also was evident among foreign affiliates established during the survey period. Com-mercial firms represented 53.4 pernt, while manufacturing industries accounted for 32.4 percent. Those in the service industry represented 8.1 percent and "other inlustries" were 4.9 percent of the

Foreign affiliated firms are gen-erally small in terms of capitalization. Those capitalized at less than \$435,000 constituted 65,2 percent of the total in fiscal year 1979. This tendency was also exhibited by newly established firms, 43.9 percent of them being capitalized at less than \$43,500, the ministry

To arrive at these figures, MITI stated, it had distributed questionnaires to 2,281 "foreign affiliated companies," and 1,638 responded. Of these, the ministry continued,

1,315 gave what it called "valid responses," trimming the response rate to 57.7 percent, However, said the report, this final group sur-veyed represented 87 percent of the total capital of all companies · Forginally questioned.

On the basis of these valid responses, MITI continued, it has es-'cablished that firms in the manufacturing sector producing chemicals and general machinery were . - the most numerous, being tied at 9.7 percent, followed in decreasing numbers by those engaged in electrical machinery, pharmacenticals, foodstuffs, transportation equip-ment, ceramics, precision machinery, nonferrous metals, textiles, metal products, oil and coal prodcucts and textiles.

Sales and Assets

Foreign affiliates engaged in oilproducts manufacturing accounted for 32 percent of the aggregate sales and 35 percent of the aggre-gate assets of all companies com-

ing under that definition. Both the sales and the total assets of foreign-affiliated firms recorded an increase during the year under review, as did their after-tax net profits, which grew 21.7 per-cent against the previous fiscal year, but this was considerably lower than the 40.3-percent increase reported by all business cor-porations in Japan during the same period, according to MITT's

However, the net profit to sales ratio of foreign affiliates continued to remain higher at 2 percent than the 1.2 percent all percent recorded by all resistances.

s in the country. When compared with major Japanese firms in all industry groups, the growth achieved by leading foreign affiliates, capitalized at more than \$4.3 million, exceeded that of the domestic companies but their productivity fell below that of national firms for the first not affected. When the liberalizatime since the surveys were started 14 years ago.

Multinational corporations have invested in the Japanese food, paper and pulp, pharmaceutical, tex-tile, chemical, oil, rubber, electrical machinery, electronics, conferrous metal, ceramic, transportation equipment, general machinery and entertainment industries.

In fiscal year 1979, 18.5 percent of the foreign affiliates operating in Japan were linked to multinationals and these accounted for 82.6 percent of the sales of foreign affiliated firms, 82.1 percent of their after-tax net profits and 72.8 percent of their employees.

Among the multinationals, 127

were American and 28 were of other nationalities. American investments were most frequent in such industries as pharmaceuticals, ceramics (glass), precision machin-ery and general machinery. Among the non-American multinationals, a high participation was recorded in the chemical industry, with few-er entries in the petroleum, transportation equipment and other in-

dustrial sectors.

The opening-up of the Japanese economy to foreign investment be-gan in 1964 when Japan joined the Organization for Economic Coop-eration and Development amid mounting criticism among its trad-

U.S. manufacturing investments have averaged an 18.5percent return, but only after some had five years of losses ...

ing partners that it was pursuing a policy of "insular international-ism" by trading and investing ism" by trading and investing internationally while maintaining insular restrictions domestically.

The liberalization process, carried out at various stages, was slow and was not completed until 1972. Until then, Japan permitted direct foreign investment only when it seemed necessary in order to obtain certain essential foreign technology not available by mere licensing contracts. Even then, the Japanese government favored direct investments in the form of

lowed for foreigners in manufacceptions being firms continuing from pre-war days or so-called

joint ventures with equal 50-50

yen-based companies. The latter referred to foreign owned corporations established without government approval. These were denied access to foreign exchange allocations for im-

ports and to guarantees for the re-patriation of their profits.

The establishment of such yen-based companies, however, was banned in 1963 as Japan prepared

to join the OECD. Liberalization Program

When the first stage of the liberalization program got under way in 1967, out of 30 wholly owned foreign manufacturing companies, 29 were originally yen-based while another 29 foreign enterprises of pre-World War II vintage were still operating. Seventeen of these were

European.
Included among them were
Shell, IBM, NCR, Yokohama Rubber, Sumitomo Rubber (ex-Dunlop), Toyo Otis elevators, Teikoku Sanso, subsidiary of France's Air Liquide, and Nestle.

The American and Britishowned firms had been seized as en-emy property after Pearl Harbor while the French company later suffered the same fate. These properties were restored to their origi-nal owners after Japan's surrender. Nesitle, being Swiss-owned, was

Thinking

cal, ouclear, space, armaments, air-craft and computer industries. The latter was stricken from the prohibited list in 1975 while restrictions on foreign equity share ownership were also gradually re-

tion program was completed in 1972, foreign interests remained

barred from investing in agricul-

ture, real estate, the petro-ch

Foreign Ownership By fiscal year 1979, 53 percent of all foreign affiliated firms were than half-foreign owned, with 37.3 percent of them wholly foreign owned. This trend toward foreign ownership in excess of 50 percent was particularly ooticeable in newly established companies, rising to 62.9 percent in 1979 from 46.4 percent six years earlier, MTTI

European and Asian affiliates have a larger ratio of foreign own-ership than those with American investments. This is especially true for the Swiss and the French, where 100-percent-foreign-owned firms amounted to 61 percent and 52 percent, respectively, of the to-tal number of such companies.

However, when measured by amount of capital, firms with more than \$435,000 accounted for 44 percent of the American affiliates against 29.9 percent for the Euro-pean and 10.3 percent for the Asi-

While 55.6 percent of the American affiliates were engaged in manufacturing industries, companies with European investments were in the majority (53.3 percent) of a commercial nature while the activities of an overwhelming proportion of Asian affiliates were also commercial.

Revision of Laws

A fundamental revision of Japan's laws aimed at liberalizing capital transactions, trade and investment, was carried out last year.

This amended version of the 1949 Foreign Exchange and For-eign Trade Control Law that went into effect on Dec. 1, incorporates the earlier Foreign Investment

While hedged with restrictions aimed at preventing the takeover of domestic enterprises by foreign restors, whether they be individnals or organizations, it widened the door to direct foreign investe-

ment Even before this liberalization went into effect, direct foreign in-vestments increased in the current fiscal half-year from April to Sep-Only minority interests were al- tember, amounting to \$213 million - 77.5 percent up over the correcording to the Ministry of Finance. These investments were made in 482 cases, up from 388 cases in the comparable six

months of last year.

Among these investments, \$51 million were made by Americans, \$8 million each by French and West Germans, \$6 million by British, \$5 million by Swiss and \$3 million by Italians.

Commenting on the investment climate in Japan, a veteran American businessman pointed out that U.S. manufacturing investments have averaged an 18.5-percent return but only after some of them underwent losses for five years or more. The race can be run but only by corporations capable of great tenacity, patience and drive," he said.

In the last two years, U.S. com-panies such as Goodyear, Bell and Howell, Gulf Oil and Pfizer have pulled up stakes from the Japanese

Also giving up the race, to name only an outstanding few, were Household Finance, which had been operating for only three years, and the Grolier Publishing Co., which pioneered the door-to-door sale of encyclopedias in Japan. It had been in the country for

The Powerful Automobile Industry Looks Homeward

(Continued from Page 7S) to the way in which production is managed. Despite all the publicity, there is hitle difference between the level of automation in Japan's car factories and the more modern ones in the United States or Eu-

Number of Advantages

Toyota and Nissan have a number of advantages over their for-eign competitors — in wage levels, flexibility of operation, the industry structure and the justifiably fa-mous just-in-time production-con-trol system. Wages at Toyota and Nissan are about 65 percent of the levels in the United States, but that is understating the Japanese advantage. The reason for this is that the Japanese companies make a fairly small proportion of the parts they use, and that their subcontractors pay considerably lower

This is a feature of Japanese indo not expect to be able to pay as do oot expect to be able to pay as much as large ones, and for every person working at Toyota there is at least one other working for a subcontractor, doing a 45-48-hour week with limited fringe benefits. Thus, the real wage level in the Japanese auto industry is probably about half of that in the United States, where auto workers are States, where auto workers are id more highly than other indus-

In the Japanese auto industry, the shop-floor workers are not re-stricted by union regulations to do certain jobs. For example, the machine operator does a substantial amount of maintenance on his machine, and people are switched from job to job as demand finctnates. Therefore, instead of a big team of maintenance men, there is a small team of specialists only and that means lower manning levels, and lower overall wage costs. This pattern is reflected in other

In the "just-in-time" produc tion-control system, components and sub-assemblies are produced only as they are used. In the norproduction-control system, each department is told how many parts must be built that day. With the just-in-time system, the department is allowed to build parts only as they are used by the next department down the line.

In practice, this means that there would be only about 100 parts waiting to be used at any work station in the factory.

Cost Advantage System

The same system is used be-tween suppliers and the main factories, thus Japanese auto factories generally have tiny stores compared with those in the United States or Europe, According to investigations in the United States. inventory valued at about \$800 million, against more than \$8 bil-lion for the U.S. industry, which is producing fewer vehicles. The justm-time system, developed by Toyota, is clearly giving the Japanese a big cost advantage, which is mag-miled by the flexibility of the workforce and the low cost of

But if those advantages were created by Japan's ingeoutly, why should it restrain exports? To start with, Japan's auto industry was able to become so strong only be-cause it was protected while it was small and its products were being

Nachiro Amaya, former Vice Minister for International Affairs with the Ministry of International Trade and Industry, recently ad-mitted that "the United States gave Japan a 10-year-long respite after Japan joined GATT in 1955." Thus, until 1965, the Japanese had their own market to themselves, and expanded at a extraordinary rate while improving efficiency. Without that respite, Mr. Amaya conceded, Japan's auto industry would not be as strong as it is to-

But if Japan's auto industry is to become truly international, it must manufacture in its biggest markets. Both Ford and GM have operated - ROBERT Y. HORIGUCHI on this policy for many years -

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opportunities in

Ford started building cars in Brit-ain soon after World War 1 — as have such multinationals as IBM. ITT and ICL Indeed, most of the Japanese electronics companies have recognized the need to manufacture in the United States and

Among the Japanese auto com-panies, Honda was the first to adopt a truly international policy. Said Kryoshi Kawashima, presi-dent, last year: "In our motorcycle business, there is an even split in manufacture — one third is pro-duced and sold in Japan, one-third

is exported from Japan and one-third is made overseas. This will be the guiding principle in our auto operations in the future."

Thus, Honda will start producing Accords in a factory in Ohio next year at the rate of 150,000 units a year. It has also licensed British Leyland (BL) to build the Ballade sedan under the name of Triumph Acclaim in Britain for sale throughout the Euro-peao Ecocomic Community (EEC). Production started last fall and should build up to 85.000

In addition, Honda and BL have plans to design a new "executive class" car with an engine of 2-3 liters, which will be built in Japan

and Britain starting in 1985. Meanwhile, Nissan has followed a policy of internationalization as well. It bought an interest in Motor Iberica, in Spain, for its commercial vehicle manufacturiog base in Europe. Then oext year, its small truck factory at Smyrna. Tennessee, will start building about 120,000 vehicles per year. Also next year, Alfa Romeo will start building ears with Nissan

in Britain with a capacity of over 200,000 units per year. A decisioo on this project is expected soon, with production due to start to 1985-1986. On top of that, Nissan has agreed to build the Volkswagen Santana in Japan, albeit at the rate of only 60,000 units per year, starting in October 1983. About 48,000 of these cars are due to be sold in Japan and the rest exported to Southeast Asia.

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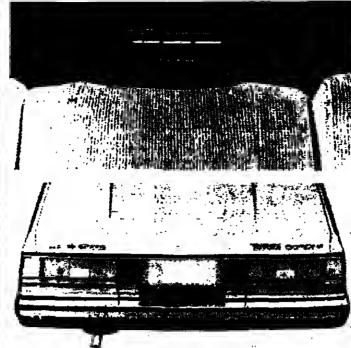
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Honda's City is small but has good room inside, including space for a tiny scooter.



The latest Toyota Corona is equipped with a sonar device that warns the driver when he backs toward an obstruction.

Fuel Economy Drive: A Turn for the Purse

there has been a complete change in the level of technology year. It had a new 2.8-liter engine of Japanese cars. Suddenly, elec-tronics are everywhere; there are than was previously available from some high-performance cars, front- a car of this size in Japan. The wheel drive is becoming common Soarer broke new ground for Toy-and there is one small car that ota with its comfortable interior, rivals the European models in pro-viding a lot of passenger space in a

The spur for these changes came when the Americans started to "downsize" their huge gas-guz-ziers, and the Japanese realized that they would no longer be able to dominate the bottom end of the

To meet this challenge, Nissan redesigned two of its biggest sell-ing sub-compacts, the Sunny and the Stanza. Previously, these were rear-drive sedans with very little interior space, average performance and inferior ride and handling qualities. The new models are neatly styled, and are as spa-cious inside as their European competitors. In addition, they are powered by new engines that are light and conserve fuel. Steering and suspension have been transformed, although they do not yet

challenge the best European cars. Toyota began expanding its

components with the Celica, last good steering, ride, overall per-formance (the maximium speed is about 130 miles per hour) and in the use of electronics.

Mitsubishi Motors, whose en-gines have been at the top of the league in Japan for some time, won an accolade from no less a source than Porsche, the German maker of high-performance cars. For its new 944, Porshe obtained a license from Mitsubishi for the "silent shaft" design, which reduces the vibration level of four-cylinder

Mitsubishi has also introduced a number of turbocharged engines, including one of only 1.4 liters for its small front-wheel-drive hatchback. Then came the MD (modulated displacement) engine, which is intended to reduce fuel consumption during low-speed driving. There is an electrohydraulic system that cuts out two of the four cylinders at low speeds.

The engine operates on two cylrange into the luxury-coupe mar-inders normally when it is idling ket and introduced the Soarer, and at speeds of up to 43 m.p.h. In

Nissan's new front-wheel drive Stanza, in this case modified for a disabled driver. city driving fuel consumption is

The car that leads the new wave of Japanese technology is the Honda City, introduced at the Tokyo Motor Show last fall. It has a 1.2liter engine and is 133 inches long, the same length as the British Leyland Mini-Metro and the Fiat Pan-

claimed to be cut by as much as 25

Honda engineers have made the City higher than the European models so the passengers sit more upright, adding to the comfort. It is also light, owing to the use of high-strength steel and plastics, while the engine is made from alu-

Although these designs stand out for certain features, the in-

crease in the use of electronics has been general. For example, Nissan, Toyota, Toyo Kogyo, Mitsubishi and Isuzu are using electronic controls for fuel injection, thus gaining better performance with re-duced air pollution.

On-Board Computers

Toyota is also using electronics to control an automatic transmission, while on-board computers, electronic controls to maintain a steady cruising speed and electron-ically controlled air conditioners are all commonplace.

With the Soarer, Toyota became the first Japanese company to use full electronic display for speedometer, tachometer, fuel and water-temperature gauges. The

speedometer has a digital readout, while the tachometer is in a strip form.

Since then, Nissan, Subaru, Mitsubishi and Isuzu cars with electronic displays have been introduced. Meanwhile, Honda has developed a remarkable device to help drivers navigate their way around strange cities.

There is a display screen that plots the course and maps are overlaid to find the car's position. All of these ideas and products have emerged in the last year or so, and seem to be just the beginning of an era in which innovation is as much expected from Japanese automakers as it is from their counterparts in Europe.
—JOHN HARTLEY

Wave of Caution Lapping At Market for Western Art

TOKYO — The vogue of the newly rich Japa-nese entrepreneur snapping up works of Western art with the same passion with which Japanese take photographs has died as surely as last year's fashious.

"They've become more cautious," a European art dealer in Tokyo said, trying to persuade Japanese collectors and dealers to purchase works by European artists at prices that might have appeared as bargains two or three years ago. "Some of them probably feel they were exploit-

Department stores still exhibit collections of French Impressionist paintings, the most popular of the Western styles. Private collectors as well as huge corporations display their prizes with a pride belitting the cost, but Japanese art lovers basically seem more sophisticated and wiser than they were at the onset of the Western art boom 10 or 15 héaté ago.

"If we can find high quality in Western art, we are still prepared to buy," said a Tokyo dealer, carefully assessing the boom-and-bust quality of the Western art fad here. "Not only Japanese but everybody in the world likes French painting," he said, a trifle defensively, "but the art market for the past two or three years has been more quiet."

"Perhaps people are more selective and choosy," he said with an optimism hardly borne out under the current conditions of a rather stagnant economy. "We are hoping that rich people might start to think of buying works of art as a step against inflation." Right now, he said, "People are a little careful."

The withdrawal of Japanese dealers from world art markets has been especially noticeable to Sir John Figgess, a director of Christie's, now in the throes of deciding whether or not to keep staging annual auctions here after introducing the Western-style art auction to Japan in 1980.

"About eight or nine years ago, before the first oil shock, there was a tremendous boom in art," recalled Sir John, a former British army colone who spent 20 years in Japan in diplomatic and official posts before joining Christie's in 1971.
"Then the boom simply busted,"—a deback that he attributes to the first oil shock provoked by the 1973 Mideast war as well as to the changing tastes of Japanese buyers.

"In the late 1970s," said Sir John, "the Japanese were again buying — that is, until the second oil shock of 1979." Since then, he said, "we have seen very little activity on the part of Japanese dealers on the world art market."

The timing was unfortunate from Sir John's viewpoint, since Christie's, in 1980, staged its first auction - a much-publicized affair that resulted in \$47.8 million in total sales. The total plunged to approximately 40 percent of that last year and fell again in February's auction to about \$15 million, not enough for Christie's to break even on ex-

Just as revealing. Christie's this year focused largely on European prints along with Japanese works, including traditional scrolls and Westernstyle paintings, known as Yohga. "The market here has calmed down too much for European paintings," said a Christie's representative as Sir John himself waited to conduct the auction in Japanese, "Japanese buyers, when they do buy, prefer to go to London or Paris themselves" very much in contrast with 1979 and 1980 when paintings by Chagali and Renoir, among others, were the star attractions.

Most discouraging about the latest auction was what a visiting French dealer perceived as the lack of "passion." There was little real feeling in the bidding — just a sense of mechanical listlessness

in most cases as the prices gradually edged up to an average level below original estimates. "I don't think the Japanese understand this auction system." said a Japanese collector who

had never before attended an aperion. "People who are interested in European art may find it of some use as an investment," he said, "but we don't have many opportunities to deal in auc-

Sir John, who has been reponsible for Christie's auctions here from the outset, believes they could turn into a Japanese tradition once the Japanese grow accustomed to them. "We are becoming more efficient in operating here," he said. "We believe, in time, it will be worth it. It's a question of conditioning people to the idea of the public

Beyond that almost technical point, Sir John believes that the essential strength of the Japanese economy will justify the exercise. Moreover, he said. "the potential of the art market is great" -so great that he firmly believes that Christie's



"Man With a Wheelbarrow," by Millet Dealers are hoping for a turns

should keep the foothold it has in the expectation of furthering the investment in yet another Japa-nese craze for Western art.

The Japanese have learned a lot in the past 20 years about Western paintings," said Sir John.
"The top dealers have studied the market. You've got a stagnant situation here. It's dicey, but when things recover, you can usually get better prices

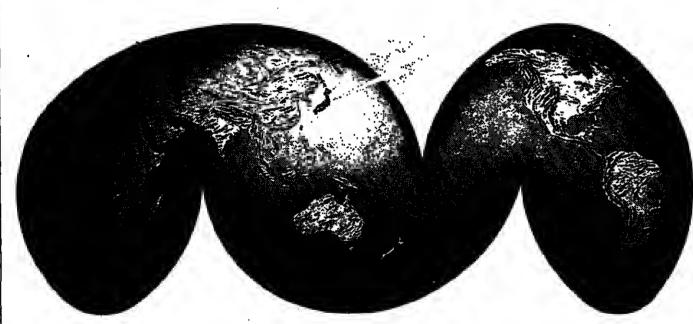
here than in London." The Japanese themselves, if they are not invest-ing in Western art as they did in the first rush to demonstrate their prowess in the market, often lend support to this viewpoint.

"Basically, the number of people interested in European art is increasing," said Tomozo Ogura, the owner of a gallery in Tokyo. "We're interested in works that would be acceptable anywhere in the world." As proof, he noted that an exhibitionof paintings by the French artist Millet opens here in the spring — "and many people will be interest-

A private collector, Dr. Shigeyoshi Ito, said proudly that he had acquired 15 works in the Christie's auction at a cost of approximately \$15,000. "I wish they had such anctions more often," said Dr. Ito, who maintains a kind of rotating exhibit in his clinic in Cifu City near Nagoya.

"Japanese concentrate on well-known artists," said Dr. Ito, indirectly admitting the fascination with the image of the artist rather than his work. "but we appreciate European paintings much more than before and are happy to have them everyday where everybody can see them."
——DONALD KIRK

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Page 17 Monday, March 22, 1982

\$12.1 Billion in Issues Is Record for Quarter

By Carl Gewirtz

PARIS - A record \$12.1 billion Eurobonds were issued in the irst three months of this year, acrording to Morgan Guaranty
Irust of New York, a 107-percent
gain over the year-ago quarter and
3.7 percent ahead of the previous

EUROBONDS

marterly record of \$11.7 billion at in the final three months of last

Morgan's total is conservatively stimated, as this year's enormous ohume of zero-compon bonds isned at steep discounts is recorded to the amount raised rather than the much larger face value.

Equally impressive is the U.S., ioliar's 88-percent share of the to-

al volume, up from 85 percent for ill of last year and within a hair of he all-time record 89 percent set 15 years ago. U.S. borrowers accounted for 27 percent of the new wes launched during the quarter, up from 19 percent last year and as title as 8 percent only four years

The figures are stumning considering that coupons on dollar issues which have ranged from 17½ to 14½ percent during the quarter) remain at record-high levels.

These seemingly generous conditions are in fact insulating investors from the foreign exchange risk

tors from the foreign exchange risk inherent in purchasing dollar secu-rities instead of Deutsche mark or - Swiss franc or yen bonds. This is shown in the latest "Points of No Return" study issued by Ste.
Générale Strauss Turnbull in Lon-

The report noted that the dollar would have to fall 24 percent from the 2.3715 DM exchange rate prevailing when the study was made to 1,7982 DM in less than five years before it would become more profitable for investors to hold DM bonds yielding 9 percent in-tread of dollar paper bearing a coupon of 15% percent. Over 10 rears, the dollar would have to neve fallen 43 percent to 1.3475 DM before it would become more profitable to hold DM bonds - ather than dollar paper.

The study said the dollar would

rave to drop 31 percent against the -- wiss franc in five years, from 1,9063 to 1,3170 francs, before "nvestors would do better to hold ower yielding (7% percent) franc paper instead of dollar boods. "Dier 10 years, the dollar would save to drop 53 percent to 0.8919 rancs before the foreign exchange ains would wipe out the differnce in interest income.

Against the yea, the dollar would have to drop 30 percent over five years or 53 percent over 0 years before foreign exchange ns would wipe out interest diferentials, the study said.

Break-Even Rates

"Clients can use our breakven' rates to judge for themselves whether the fall in the dollar which will undoubtedly be occajoned if U.S. interest rates fall will be sufficient to justify the loss income attendant on a switch of dollar bonds," the study United States the conflict beween fiscal profligacy and mone-ary restraint remains unresolved and until it is, interest rates are ikely to remain high and the dolar with them." Wall Street's view on where

ates are beaded remains clouded and Friday's report of a modest 1400-million drop in the money apply did little to clarify matters. The decline, in fact, was a washout onsidering the Federal Reserve evised upward by \$500 million the nevious week's increase in the Boney supply. Overall, the money supply is still expanding faster han targeted and analysts remain sorried that technical factors will esult in very large increases in the seekly reports during April and blige the Fed to maintain a retrictive policy.

Following the successful issue or American Telephone & Telepaph bearing a low 1444 percent oupon (trading at 9944 after being kiced at par), Gulf Oil is offering 175 million of 12-year notes. to alter the coupon and investible have the right to request.

The coupon for the transport years has been set at percent and the notes are sold at a discount of 99% to se the yield to 14.36 percent.

In fact, large investors with Sout can pick up the paper at a point below the offering price. sing the effective yield to 14.8

General Motors Acceptance orp., using the same formula, is teching \$100 million for 15 years, teching to reset the coupon every the years. The initial terms inside a coupon of 15½ percent and the insue price of 99½ to produce the frequency and of 15 47 regrent effective yield of 15.47 percent. Mexico's development agency, inco Nacional de Obras y Servilos Publicos (Banobras), is offering \$150 million of 10-year bonds bearing a coupon of 17% percent. Holders have the right to request redemption after only five years. However, that did little to sweeten the name for investors and the paper was quoted on a when-issue basis at a discount of two points.

By all accounts, the best-received issue last week was Pacific Gas & Electric's \$45 million of seven-year notes priced at par bearing a coupon of 15½ percent. Swiss investors reportedly gobbled it up and the notes ended the week quoted at 100%-101 In the floating rate market,

(Continued on Page 19, Col. 1)

Belgian Steel Problems Highlight European Struggle on Free Trade

By Paul Lewis

PARIS - Belgian steelworkers rioted in the streets of Brussels, Charleroi and Liège last week protesting European Common Market orders that would wipe out 10,000 jobs in the depressed French-speaking region of Wallonia, where Cockerill-Sambre, a troubled steel

company, is the largest employer.

Two hundred policemen were injured and strikes closed most of Belgium's steel plants. A general strike was called for this Friday, threatening to topple the precarious right-wing coalition govern-

Last year the 10 Common Market countries agreed to end all state aid to steelmakers by 1985. Much of Europe's steelmaking capacity, they admitted, has

the standard terms — eight years with a margin of 2½ points over Libor or 1½ points over the prime

rate. This is the largest ever term loan for Petrobras and the first in

which it has agreed to pricing over the prime rate. Japanese banks re-portedly will take a third of the

In the wings is a \$300-million loan for Electrobras and still in syndication are a \$300-million

loan for the São Panlo utility CESP, a \$100-million loan for the state of Sãn Pauln and a \$65-mil-

lion loan for Acesita, a steel plant carrying the guarantee of Banco dn Brasil, all at identical terms.

"Brazil's needs are so big that it

can't afford to keep a clear market

for one transaction at a time," one lead manager said. He said the central bank has abandoned ef-

forts to maintain a queue for bor-

rowers and insists only that the terms offered be identical.

In Europe, the long-awaited loan for Greece is finally coming

to market. The size is larger than had been expected — \$540 million instead of \$400 million — and 18

banks have agreed to underwrite the eight-year loan at half a point

over Libor. Japanese banks are

Italy's electricity utility ENEL is seeking \$300 million. The major

surprise in this transaction is that

Deutsche Bank, long absent from the market, is the lead manager.

Asked whether this represented a

return to a more active role in the

market, a Deutsche Bank official

said: "You can say we're selective-

ENEL will pay half a point over Libor for the first six years and %

over for the final two years as well as a front-end fee of % percent.

seek \$500 million and there was some talk in the market that it may

shortly issue \$200 million of float-

loan for Spain, which reportedly is seeking a split margin of 14-1/2 over Libor for 10 years or 15 basis

points over the prime rate for the first five years and 25 basis points

(100 equal one percentage point) for the final five years. A syndicate

of Japanese and Spanish banks is reported to be willing to meet these terms, but U.S. and other

European bankers shudder that a

loan bearing such terms could not

Further north, Danish Export

Finance Corp. is borrowing \$150

million for six years, paying % point over Libor. Front-end fees, which lead manager Bank of

America would not spell out, raise the total cost of the loan to slightly more than the Danish government

just paid (% point over Libor for five years and ½ point for the final

three years). The Export Finance

loan may also be used as a backup

facility for the sale of commercial

(Continued on Page 19, Col. 4)

be syndicated.

Still awaited is the \$450-million

taking a third of the total.

ly back in the market."

been rendered permanently noncompeti-tive by changing patterns of demand met by more efficient producers outside

Etienne Davignon, a Belgian who is EEC commissioner for industry, had advised the Belgian government to force Cockerill-Sambre to do away with the jobs so the company would no longer need state assistance.

Since 1977, Common Market comtries have shed more than 150,000 steel jobs under cover of a series of cartel-like price- and production-fixing agreements that shielded their industry from international competition. But while Britain cut jobs by nearly 50 percent and France by about 25 percent, Belgium eliminated only about 7 percent.
Even so, European steel producers

lost about \$2 billion last year, most of it picked up by their governments. The Common Market executive commission warned last summer that to eliminate subsidies 150,000 more jobs must go.

Belgium's steel woes are only the most visible part of difficulties that all European governments face as they struggle to uphold free trade in a time of low economic growth and growing pressure

The big tariff-cutting negotiations of the 1960s and 1970s and the abolition of internal duties within the Common Market have reduced most customs duties to insignificance as barriers to imports.

To raise these duties would be highly visible, exposing governments to penal-ties by GATT, the General Agreement on Tariffs and Trade organization in Geneva, and elsewhere. In public at least, they accept the need for phasing out uneconomic industries to make room for new competitive ones.

But rising unemployment and the plight of their increasingly troubled older companies have encouraged them to intervene with other forms of aid, and to force-feed the new industries they are counting on for the future. Francis Duchene of the European Research Center at Britain's Sussex University, notes that low tariffs have helped shift official intercession to "financial and other forms of government intervention which are more difficult to monitor."

Government aid ranges from repaying steelmakers' losses to subsidizing con-struction of new industries. Also, gov-

their own national companies.

The extent of secret financial help European governments give their industries is almost impossible to calculate. Esti-mates by Britain's National Economic Development Council suggest that West Germany gives the least, perhaps \$3 billion a year, or 1.7 percent of total economic output; the Netherlands leads the list with aid amounting to 3.2 percent of ontput. No estimates could be made for

France and Italy. All the European governments are in-clined to subsidize the same high-techoology industries - integrated circuits, telecommunications, data processing, microelectronics — which threatens to produce "a proliferation of small, subsi-

(Continued on Page 19, Col. 5)

Pace of Loans Shows Little Sign of Slow-Up

By Carl Gewirtz

PARIS - Contrary to the widely held view that activity in the syndi-cated loan market is slowing, the first statistical glimpse of first-quarter activity shows that the vol-ume of business is about un-

changed from a year ago.
According to preliminary data
compiled by Morgan Guaranty
Trust of New York, some \$17.585 billion worth of Eurocurrency bank credits were arranged in the

SYNDICATED LOANS

first quarter, a scant 1.7 percent below the record \$17.89 billion registered in the first three months

The figures indicate that the liquidity the Euromarket lost from the oil exporting states' shift to net borrowers from net suppliers of funds was supplied by banks look-ing to deploy lendable funds that were not being taken up in their recession-hit home markets.

The two biggest changes in borrowing patterns were registered by OPEC countries, whose borrowing shot up 62 percent to \$3.11 billion - accounting for 17.7 percent of total borrowing compared to 10.7 percent — and Communist countries, whose borrowing dropped 91 percent to a minuscule \$80 million.

The increase in OPEC borrowing is in line with previous indications that the oil exporters are suffering a cash squeeze as a result of smaller sales at lower prices. Vene-zuela, whose \$2.2 billion of new loans was double the amount taken a year ago, accounted for some

two-thirds of the OPEC total. The drop in lending to Comecon follows the financial plight of Poland and Romania and the subsequent risk reassessment of the entire area with the exception of the Soviet Union, which accounted for the total first-quarter borrowing. Industrialized countries ac-

counted for an unchanged 46 per-cent of overall borrowing but the total amount of \$8.21 billion was off 1.1 percent from a year ago. off 1.1 percent from a year ago. This little overall change masked rather big changes within the group. France, one of the heaviest borrowers in the year-ago quarter for a total \$1.4 billion, took nothing so far this year while U.S. entities, which took nothing a year ago, borrowed \$1.18 billion this year.

year.
Non-OPEC developing countries borrowed \$6.04 billion, 2 decline of 9.7 percent, and accounted for 34.4 percent of total activity compared to 37.4 percent a year

Among the non-OPEC borrowers, Mexico remained the largest taker of funds for a total \$2.64 billion, up from \$1.47 billion a year earlier. Brazil was second with \$1.01 billion, up from \$982 mil-

Currently, Mexico's Nafinsa is seeking \$1.2 billion. The transacparts of \$400 million each. The first portion is for one year priced at half a point over the London interbank offered rate. The second is for two years, priced at % point over Libor, and the third for three years at % point over Libor. Banks have the option of using the prime rate as a base instead of Libor, but in the test the prime rate as a base instead of Libor, but in that case the margins are cut by one-eighth of a point.

Attractive Terms The terms are considered quite

attractive, as is the structure, which offers a mixture of maturities. The package is sweetened with a front-end fee reportedly totaling % percent.

Brazil is also active. Petrobras is organizing a \$300-million loan at

Italian Journalists Strike

United Press International ROME — Italian journalists staged a national 24-hour strike to press demands for new work contracts to replace the three-year contracts that expired Dec. 13.

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of the noteholders ["Représentants de la Masse"] in occordance with critice 9 of the terms
and combined of the noteholders.

conclinions of the notes:

— M. Ion BINTNER, \$2, raw Numpesser et Cali 75016 PARIS,

— M. Luc MAKTH-SECTRES, 10, raw Albert Lucresson 92100 BOULDGNE,
minutes of the meeting and relevant documents are retained at the head office of

The BOARD OF DRECTORS



Yoshio Sakurauchi

Judge Orders New Hearing In IBM Case

New York Times Service NEW YORK - Judge David N. Edelstein has ordered a court bearing to determine if the dismissal of government's antitrust case against International Business Machines should be overturned.

Judge Edelstein ordered the hearing for April 8 in Federal Dis-trict Court in Manhattan, He acted on a motion by Philip M. Stern, an author and philanthropist, who asked to appear as a "friend of the court" to question the IBM dismissal.

The action Friday appeared to raise the possibility of reopening the antitrust case, which sought to divide the giant computer compa-ty into several units but ended Jan. 8 when the government agreed to drop the 13-year-old suit, saying it was "without merit." Mr. Stern's motion requested a

bearing to scrutinize whether the dismissal was proper and whether William F. Baxter, who head's the Justice Department's antitrust di-vision, was disqualified from de-ciding the issue because of some work he had done for IBM lawyers in a previous case. Judge Edelstein has already

called in effect for a congressional investigation into Mr. Baxter's brief role as a consultant to a law firm representing IBM and his failure to disclose it to the Senate at the time of his confirmation hearings. Mr. Baxter himself has asked the Justice Department to examine his decision not to disclose the

Nicholas deB. Katzenbach, senior vice president and general counsel for IBM, issued a statement Friday saying. There is no authority or justification for these orders. The case is over; it no longer exists. I don't know if there ever will be a hearing or not on April 8." Mr. Katzenbach is a furmer attorney general and undersecretary

CURRENCY RATES

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Japan Says It Will Ease U.S. Trade Rift

By Tracy Dahlby Washington Post Service

TOKYO — Fnreign Minister Yoshio Saku-rauchi has said Japan is set to enforce a more sweeping round of steps to open its markets to foreign products prior to the June economic summit in Paris and will support new Reagan administration initiatives toward Central America and the Caribbean by boosting its

economic aid to the region.

In an interview Saturday shortly before his departure for high-level talks in Washington, Mr. Sakurachai, 69, appeared to set the stage for artempts to reaffirm the mostly friendly ties with Japan's key Pacific ally that have been badly frayed as a result of the country's booming trade surplus with the United States.

Mr. Sakurauchi, pointing to the fact that Japan and the United States occupy between them a 35-percent share of the world's total gross national product said, "The two countries have great contributions to make to the world economy."

He acknowledged that the huge trade gap between the two countries is something that

must be resolved and cited the need to further open the Japanese market as a "major problem for which we have the responsibility." In the background is the record \$18 billion

U.S. deficit on trade with Japan in 1981 that has brought dire warnings from U.S. trade officials that the Japanese move quickly to open their markets to more foreign goods or face the enactment of protectionist-oriented legislation now before Congress.

Tariffs Slashed

In a bid to avert a showdown, Premier Zenko Sozoki's Cabinet has recently moved to slash tariffs on some 1,650 items in advance of the schedule agreed under the current Tokyo round of multilateral trade negotiations. (See related article Page 7S.)
It has also made efforts to dismantle a num-

ber of so-called oon-tariff barriers to trade and streamline customs and product standards and testing procedures which foreign businessmen Sakurauchi to See Reagan

frequently claim bar them from successfully competing in the Japanese market.

These measures have so far failed to impress U.S. trade officials who last week renewed demands that Japan take a series of more "dramatic" steps before the Paris summit.

Reflecting an apparent eleventh-bour decision by Japanese leaders on the eve of Mr. Sakurauchi's talks with President Reagan, Secretary of State Alexander M. Haig Jr. and

other senior U.S. officials, the foreign minister said Saturday Japan "will make all necessary efforts" toward a new package of trade mea-He did not elaborate on what the package might contain. He pointed out that, as a result of working-level trade talks held in Tokyo in March, Japan has agreed to begin delibera-tions with U.S. officials next month on the bulk of the country's 27 remaining quota re-

strictions on imported goods and to start negotiations on beef and citrus fruit imports in Oc-tober, six months ahead of a schedule set out in earlier talks between the two governments. Mr. Sakurauchi asserted that the movement toward resolving outstanding trade problems

within government and political circles in To-kyo is "now on track," but expressed concern whether the Reagan administration would re-gard the accumulation of Japan's efforts on trade before the Paris summit as "dramatic" He added, however, that Japan has commit-

ted itself to continuing such efforts beyond the intermediate June deadline, including discussions on further opening access to the Japa-nese market in a broad range of service industries such as banking, finance and insurance. At the same time, Mr. Sakaranchi called on the United States to exercise stronger leader-

ship among the industrialized economies. "We are often told by the American side that the Japanese government should make ef-lors to reduce the trade imbalance... the United States should also put emphasis on the issues of the world economy and have a policy dealing with its revitalization," he said.

Mr. Sakurauchi did not elaborate, but the broad consensus in Tokyo is that continuing high U.S. interest rates have helped aggravate Japan's trade surpluses by driving down the value of the yen and, in effect, adding to the attractiveness of Japanese exports by reducing their costs in overseas markets.

Unfairness Seen

Despite a growing perception among the Japanese that Tokyo is being unfairly singled out far criticism an the trade front, knowledgeable observers in Tokyo said that, in Washington, Mr. Sakurauchi is likely to stress Japan's broad support for U.S. policy toward such areas as the Soviet Union, Asia, the Middle East, Central America and the Caribbean and

its role as a staunch ally.

In light of President Reagan's announcement of plans significantly to boost economic aid to countries in the Caribbean basin, Mr. Sakurauchi said, "underneath the instabilities [in the region] there are the difficulties that these countries are facing in the social and economie fields. We wish to expedite our ecocomic cooperation with these countries in order to improve the welfare of the people and the economic situation in those nations."

He said that any specific proposals for in-creasing aid would follow further consultations with Washington.

Mr. Sakurauchi, a veteran member of Ja-

pan's ruling Liberal Democrats, replaced Sunao Socoda as foreign minister in a Cabinet shake-up last November designed, at least in part, to remove some of the rancor in relations with the United States.

Mr. Sonoda churned up cootroversy in Tokyo with a series of public statements highly critical of U.S. efforts to press Japan into pruning its trade surpluses and significantly poosting its modest expenditures oo defense. In contrast, the more mild-mannered Mr. Sakuranchi is acknowledged to be staunchly pro-American and more conversant in U.S. affairs.

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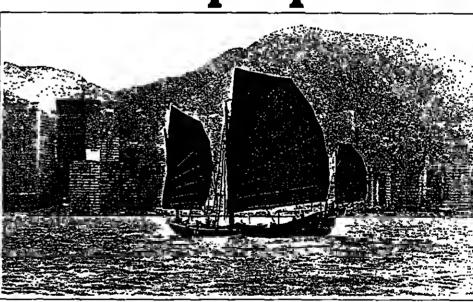
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International Bond Prices—Week of Mar. 18

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

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International Herald Tribune

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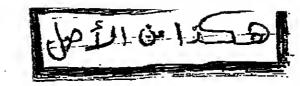
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BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.I.)



Record for Quarter in Eurobonds

falaysia sold \$250 million of 10-

car notes bearing interest at a courter point over the London inrbank offered rate. Investors can squest redemption after seven ears and are guaranteed a minijum coupon of 514 percent.

Ford Credit of Canada made a rivate placement of \$50 million of n-year notes with interest set at a narter-point over Libor. Allied Irish Banks is offering

100 million of 10-year floaters earing interest at a quarter-point - effectively only 1/2 point wer Libor. It also guarantees a minimum coupon of 5% percent.

Italy's usedopment agency lsveimer is raising \$75 million through a seven-year floating rate note with interest set at the standard quarter-point over Libor. Of note, however, is the minimum guaranteed coupon of 11 percent instead of the standard 5 percent to 6 percent offered on most is-

DM Sector Prices Rise

Prices in the Deutsche mark sector rose last week in the wake of the Bundesbank's half-point cut in the special Lombard rate to 91/2

Finland's 150 million DM of seven-year paper, priced at par bearing a coupon of 9% percent,

Procter & Gamble Is Found Negligent in Tampon Case

DENVER - A federal jury has and that the Procter & Gamble in was negligent and offered a Effective product when it put Rely sinoons on the market, but the mors did not award any damages ora Colorado teen-ager who sned he company.
After nearly 20 hours of deli-

Vorwegian Sees Demise Morld Aid Concept

OSLO - After years of talk, the oncept of a new world economic rder to help poorer countries is lead for lack of interest among in-Justrial nations, a former forwegian defense minister has

But the former official, Thoraid Stoltenberg, told a seminar ponsored by a group that favors edistributing global wealth that uch a redistribution could take liace through regional and bilater-I efforts. As a start, he said, the Sovernments of the Nordic counries and the Netherlands should tart direct economic cooperation on the black African states borlering South Africa.

in tellowing quata-

beration over four days, the jury said Friday that it found the Cincinnati-based company at fault for inadequately testing the Rely tam-pon and for marketing a defective

It did not find, however, that Procter & Gamble had violated any expressed or implied warranty on the product, which was the third charge in the suit.

Nor did the jury award medical expenses, actual damages or puni-tive damages to Deletha Dawn Lampshire, 18, a University of Denver student who said she became ill with toxic shock syndrome in May, 1980, several days after using Rely tampons. She and her parents had sought \$25 million in

Thomas Calder, the lead attorney for Procter & Gamble in the lat'l inst. lg term yen ECU medium term case, said, "We are disappointed with anything that is not a complete vindication of Rely, and we're reviewing our options." He said he did not know if the company tradd anneal he were its company.

ny would appeal the verdict.

It was the first trial of more than 400 cases filed against Procter & Gamble asserting that Rely cansed the disease. The company took the tampons off the market in 1980.

In Loan Pace ended the week at 99%-100% and the recent issues for Sweden and

(Continued from Page 17) Gaz de France, priced at par, were paper in the U.S. market, in which Currently on offer is a 100-milcase lenders will earn a % percent lion-DM, seven-year private place-ment for the World Bank bearing a commitment fee.

In the Mideast, Egypt is tapping the market for the first time since coupon of 91/2 percent and priced 1977, seeking \$200 million for two years. Egypt has the option to ex-The remaining issues scheduled to be launched include 200 million DM for the Austrian Kontrollbank on Wednesday, 150 million DM for the Inter-American tend it for a further 12 months. Interest will be set at half a point over Libor for the first 18 months % point over Libor thereafter. In Africa, Mauritius is seeking \$50 million for eight years, offer-ing a margin of 1½ points over Li-bor, sweetened with participation

April 6.
In the sterling market, Quebec sold £35 million of five-year notes fees ranging up to 11/2 percent.
In Asia, indonesia is back in the market for another \$300 million at at par bearing a coupon of 15½ percent. The size of the issue was terms identical to the record low it achieved last year - 4 point over Libor for 10 years - despite the creased from the £30 million initially announced.

The World Bank is expected to widely held view that a repetition

evelopment Bank the following

Wednesday, 100 million DM for Eurofima and 150 million DM for

the Asian Development Bank on

offer £100 million of five-year

pegged at about 14½ percent.

notes this week with the yield

Security Pacific to Sell Notes

LOS ANGELES (Reuters)

Security Pacific Corp. said Friday it will sell \$150 million of three- or

rolled over for a final maturity of seven years. A spokesman said the financing is similar to a revolving

credit agreement but will be sold to institutions or corporations.

Eurobond Yields* *
Week Ended March 17

Veek Ended March 19

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16.02 %

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Ind. long term, US\$..... Ind. medium term, US\$.

Can.S medium term.....

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FL long term.

Eurock

Thailand's perroleum authority PTT is asking banks to offer terms for a loan of up to \$300 million. PTT is said to be seeking terms bearing an element of % point

Consolidated Trading Of NYSE Listings

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IBM	3,352,400	58%	574	57%	
Exempn s	2,626,800	2714	284	25%	-4
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Tondy s	2,534,570	36%	27	30%	+39
MarrLy	2,219,400	24%	254	25%	
Dowch	1,928,900	2314	25%	23	+14
Amair	1,254,408	1476	1244	14%	413
AADDS s	1,794,400	244	2270	23%	+4
WrnCm	1,751,200	5614	SI4	54%	474
ATT	1,722,700	574	5514	54%	-4
Digital	1,707,200	774	724	7772	+5¥
RCA	1,791,400	2314	19	27%	+29
Mattel	1.617.500	17%	1394	16%	+24
SiQind	1,494,300	39%	274	21%	+4
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March 17, 1982

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SALOMON BROTHERS INTERNATIONAL

UNION BANK OF SWITZERLAND (SECURITIES)

Little Slow-Up Steel Problems Reflect on Free Trade Issue

dized producers" that could "provent Europe from developing a fully competitive new generation of industries," the British council

While the United States sees itself as a minor offender in subsidies, Europeans point out that U.S. state and local governments try to attract industrial investment with financial incentives that are often difficult to track. And Europeans argue that the Reagan de-fense budget amounts to a huge lederal subsidy to technology de-

In the Tokyo round of GATT

NEW ISSUE

Amro International

negotiations, the big Western powers tried to curb subsidies through a "code of conduct" to be enforced by a complaints procedure. The new system is off to a shaky start. In Geneva, the United States is accusing the Common Market of subsidizing high-cost European

farm exports. But governments have been re-luctant to accuse each other of subsidizing industrial goods.

industries often limit trade through informal agreements. Japanese automobile and television makers have made many voluntary" agreements to limit exports

to Western countries. And the big industrial countries recently rement, restricting textile exports

from low-cost producers. Jan Tumlir, GATT's chief economist, calls this "pragmatic cartelization." In 15 years, he reckons. the portion of world trade subject to administrative controls has in-

creased from 40 percent to nearly half, even while tariffs fell. The danger, he argues, is that contemporary protecti have the same pernicions effects as tariffs — rewarding inefficiency and encouraging still more protec-

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DG BANK Genossenschaftliche Zentralbank AG Girozentrale und Bank der Österreichischen Sparkassen Hambros Bank Handelsbank N.W. (Overseas) Hentsch & Co International Hill Samuel & Co. Kleinwort, Benson La Roche & Co. Lazard Brothers & Co., Lehman Brothers Kuhn Loeb International, Inc.

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Rahn & Bodmer Sanwa Bank (Underwriters)

Rothschild Bank AG N. M. Rothschild & Sons Scandinavian Bank J. Henry Schroder Wagg & Co. Skandinaviska Enskilda Banken Smith Barney, Harris Upham & Co. Société Bancaire Barclays (Suisse) S.A. Genève Société Générale Société Générale de Banque S.A. Svenska Handelsbanken Verband Schweizerischer Kantonalhanken Vereins- und Westbank J. Vontobel & Co.

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Westdeutsche Landesbank Girozentrale

Orion Royal Bank

Dean Witter Reynolds Overseas Ltd. Wood Gundy 8721/2

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International Bond Prices - Week of Mar. 18

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

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or your local IHT representative.

8361/6 \$723/4 470.3% 1.25 BATTE. 117.27 1.23 \$ 30 39- 557 41.24 18.54 245 534 273- 275 4.17- 2.75

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Explanation of Symbols -

American Exchange Options

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Open Interest 2,311,237 r-Not traded, s-None

NEW ISSUE

This announcement appears as a matter of record only

18th March, 1982



AMADA CO., LTD. (Kabushiki Kaisha Amada)

U.S. \$30,000,000 5½ per cent Convertible Bonds due 1997

Nippon Kangyo Kakumaru (Europe) Limited Nomura International Limited

J. Henry Schroder Wagg & Co. Limited Dai-Ichi Kangyo International Limited

Banque Nationale de Paris Daiwa Europe Limited Kleinwort, Benson Limited

Morgan Guaranty Ltd

Crédit Lyonnais Dresdner Bank Aktiengesellschaft Morgan Grenfell & Co. Limited The National Commercial Bank (Saudi Arabia)

The Nikko Securities Co., (Europe) Ltd. The Taiyo Kobe Bank (Luxembourg) S.A.

Pierson, Heldring & Pierson NV. Union Bank of Switzerland (Securities) Limited

Abu Dhabi Investment Company

Alahli Bank of Kuwait K.S.C.

Amro International Limited

Bank of Helsinki Ltd. Crédit Industriel et Commercial Bank of Tokyo International Limited Credit Suisse First Boston Limited

Baring Brothers & Co., Limited Daiwa Bank (Capital Management) Ltd.

Euromobiliare Sp.A.

Fuji International Finance Limited

Kuwait International Investment Co. s.a.k.

Mitsubishi Trust & Banking Corporation (Europe) SA.

Lombard Odier International S.A.

LTCB International Limited

Mitsui Finance Europe Limited

Mitsubishi Bank (Europe) S.A.

New Japan Securities Europe Limited

Okasan International (Europe) Limited

PKB Investments Limited

Saitama Bank (Europe) S.A. Tokai Bank (Nederland) NV Sanyo International Limited Vickers da Costa Internațional Ltd.

Smith Barney Harris Upham & Co. Incorporated

Westdeutsche Landesbank Girozentrale

Wako International (Europe) Ltd. S. G. Warburg & Co. Ltd.

Yamaichi International (Europe) Limited

Yasuda Trust and Finance (Hong Kong) Limited

Chicago Exchange Options

This announcement appears as a matter of record only.



SHV Holdings N.V. US \$ 150,000,000

medium term loan

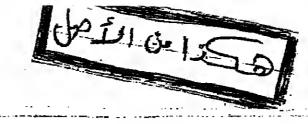
arranged by Amsterdam-Rotterdam Bank N.V.

provided by Amsterdam-Rotterdam Bank N.V. Bank of America NT and SA Citibank NA Amsterdam Commerzbank Aktiengesellschaft Continental Illinois National Bank & Trust Company of Chicago Crédit Lyonnais International Westminster Bank Limited Lloyds Bank International Limited Amsterdam Branch Midland Bank Limited

Union Bank of Switzerland.

December, 1981.

Amsterdam-Rotterdam Bank N.V.



INTERNATIONAL HERALD TRIBUNE, MONDAY, MARCH 22, 1982 12% - New Pil 1 March National State Natio THE CASE OF THE PROPERTY OF TH Pour Rin Las Ray Line Ray Ray Lin Torsing al. 15e
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Street, Santa Monica, CA 90401. 218 304 139 678 678 828 828 7 12.75 12.43 12.77 12.41 13.92 Plaintiff: ISLAMIC REPUBLIC OF **Consolidated Trading** ifendents: SHAMS PAHLAVI, aka L PRINCESS SHAMS PAHLAVI; IRDAD PAHLABOD: Aka IRDAD PAHLABOD: IERSPEX NCE N.V.; and DOES 1 through inclusive. Of AMEX Listings Plaintiff: ISLAMIC REPUBLIC OF IRAN: BANK MELLAT GOMHOUPI BRANCH, formerly BANK OMRAN Week Ended Morch 19, 192

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891,800 28% 25% 28%

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228,700 3— 136 2% Onge +2" s -- s -- l s -- l s +1 s Defendants: SHAMS PAHLAVI, ska H.I.H. PAINCESS SHAMS PAHLAVI; and DOES 1 through 39 inclusive. ilmores
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i NOTICE. You have been sued. The court may decide against you eithout our round the you respond killing 30 days. Head the information NOTICE. You have been sued. The court may decide against you without your being heard unless you respond eithin 30 days. Read the information below. AVISOI Uster ha sido demandado. i Tribunal puede decidir contra Ud. n audiencia a menos que Ud. respon-t dentro de 30 días. Les la informa-AVISOI Ustad ha aldo demandado. El Tribunal puede decidir contra Ud. aln audiencia a menos que Ud. respon-da dentro de 30 dias. Lea la informa-Volume: 18.400.000 shares Year to Dale: 242.500,000 shares Issues traded W: 931 Advences: 466 : declines: 211 : un if you wish to seek the advise of an attorney in this matter, you should do to promptly so that your written esponse, if any, may be filed on time. it you wish to seek the advice of an attorney in this matter, you should do no promptly so that your eritten response, if any, may be filled on time. ESCORTS & GUIDES Si Ustad desea solicitar el consejo le un abogado en este asunto, deberia lacerio immedietamente, de este manera, su respueste escrita, si hay liguna, puede ser registrada a tiempo. **ESCORTS & GUIDES** CLASSIFIED ADVERTISEMENTS response, if any, may be filled on time.

Si Usted desea solicitar al conselo de un abogado en este asunto, debata hacerio immedia temante, de sata manera, su respuesta secrita, al hay alguna, puede ser registrada a tempo.

1. TO THE DEFENDANT: A civil complaint has been filled by the plaintiff against you. If you wish to detend this liverality out if you wish to detend this liverality out if you wish to detend this liverality out if you wish to detend this liverality out. If you wish to detend this liverality out. If you wish to detend this liverality out. If you wish to detend this liverality out if you wish a summons to served on you, of early will be antered on appoint of the plaintiff, and this count may enter a judgment against you for the relief demanded in the complaint, which could result in garnishment of wages, bring of money or property or other relief requested in the complaint. VIENNA: MICHELLE Escort Service, Tel: Vienna 52 51 28. CAPRICE VENNA - IPR Ecort Service. Day and evening, 42 83 46. VENNA - EXCLUSIVE Scort Service. Tel: 47-74-61. liguna, puede ser registrada a tiempo.

1. TO THE DEFENDANT: A civil complaint has been filed by the pisiniff against you. If you elist to defend his laweuit, you must, eithin 30 days after this summons is served on you, he with this court a written response to the complaint. Unless you do so, your default will be entered on application of the pisintiff, and this court hay enter a judgment against you for he relief demanded in the complaint, which could result in gamishment of agges, taking of money or property or their relief requested in the com-(Continued from Back Page) **ESCORT SERVICE** VIENNA - EXCULSIVE SECOT SERVICE. Tel: 47-74-61.

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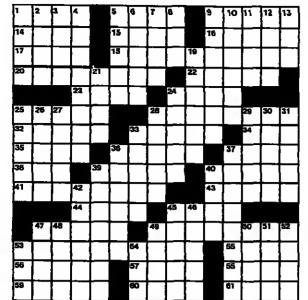
LONDON CHIDE Escort Service. Tel. **ESCORTS & GUIDES ESCORTS & GUIDES** ESCORTS & GUIDES IN NEW YORK ZURICH - GENEVA • **GENEVA - JADE GENEVA** TEL: 212-737 3291 Omega Escort Service Germany Escort Service, Tel-022/31 95 09. TEL: 0049-6103-82048 CACHET U.S.A. Charlene Guide Service ESCORT SERVICE NEW YORK 213-242-0838 or 212-274-1310 MIAM, FORDA 203-944-5683 TLAUDEDALE RA 305-942-5477 Tel: 20 39 35. ALEXANDRIA'S ESCORT SERVICE LONDON TEL: 794 5218 794 2901 LONDON OXFORD ST FRANKOPURT ESCORT SERVICE Central city (0611) 25 25 20. DATED: June 30, 1981 JOHN J. CORCORÁN, Cierk By Albert E. Ortloff, Deputy LONDON CHIOE Escort Service. Tol. 01 381 983.
LONDON LINESEY Escort Service. Tel. 01 402 9838.
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LONDON ESCORT SERVICE. Tel. 240 340 376.
COPENHAGEN ESCORT SERVICE. Tel. 240 376. ONDON CHLOE Escort Service. Tel. 01 381 9853. ESCORT SERVICE DATED: July 30, 1981. JOHN J. CORCORAN, Clerk By Albert E. Ortloff, Deputy Other major cities available Tel: 01 582 2408 2. NOTICE TO THE PERSON SERV-D. You are served as an individual letendant SHAMS PAHLAVI aka I.H. PRINCESS SHAMS PAHLAVI Zurich - Geneva ENGLISH ESCORT SERVICE athrow / London. 01 754 0568. WEST END & HEATHROW 2. NOTICE TO THE PERSON SERV-ED: You are served as an individual defendant. LONDON ique Escert and Guide Service Tel: 01/361 90 00 VERNIA HARMONY ESCORT Service. Tel: 02244 2418 or 638905. Noon to midnight. AMSTERDAM APOLLO Escort Service. 76 Apolioloon, Amsterdom (0) 20-766176. Cortiny AB ICOlory Sibe ICOlory Sibe ICOMBC I Comm 1,30a Comm A written response must be in the orm prescribed by the California tules of Court. It must be filed in this cust with the proper filing tees and roof of service of a copy on each talnutif's attorney and on each plaintiff not represented by an attorney, he time when a summrone is deemed eved on a party may vary depending a the metticol of service. For examile, see CCP 413.10 through 415.50, he word "complaint" includes cross-omplainent, "plaintiff" includes cross-omplainent, "defendant" includes ross-omplainent, "defendant" includes respural. **ZURICH** A written response must be in the form prescribed by the California Rules of Court. It must be filed in this court with the proper filing fees an opport of service of e copy on each plaintiff settomey and on each plaintiff settomey and on each plaintiff not represented by an attorney. The time when a summons is deemed served on a party may vary depending on the method of service. For example, see CCP 413.10 through 415.50 The word "complaint" includes cross-complaint, "plaintiff includes cross-complaint, "plaintiff includes cross-complaint," the singular includes the plural. Portman Escort Agency AMSTERDAM 67 Chillern Street, London W1 TEL: 486 2724 or 486 1158 Vanessa Escort Service ESCORT GUIDE SERVICE Tel: 247731. 766176.

ROME EUROPE Club Escart & Guide Service. Tel 06/589 2604 - 589 1146 (10 cm. - 10 pm.)

BRUSSELSE MARTINE Escart Service. Tel: 428 01 42 ofter 2 pm.,

BRUSSELS LORE ESCORT SERVICE. Please Phone: 102/26/45 72. TEL 01/47 02 12-69 22 45 HONESTY ESCORT 'ELLE' LONDON WEST PATIENTESES & ESCORT AGENCY Multingral Scorts 325 E 64 St. New York, NY 10021 Tel: 212-744-3838. Tek 01 747 3304 West End & Heathrow Escort Service AMSTERDAM WERNIA ETOLE ESCORT Service. Tek 26 51 97 or 5710584 VIENNIA – V.L.Ps. HOSTESSES Escort Agency. Tek 122/96-35-82. VIENNIA. 1st ESCORT SERVICE Tek 73-84-374 or 73-30-873. LONDON - CHELSEA GBIL Escort Ser vice, 51 Beauchamp Place, Londor SW3, Tel. 01 584 6513/2749, 4-12 pm. TEL: 233143. FRANKFURT TKINSON ANDELSON, LOYA, JENNIFER'S ESCORT & GUIDE SERVICE, TRL 0611-686482 73.84-374 or 73.50.893.
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ALGIERS

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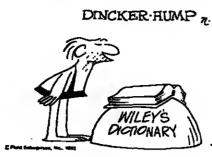
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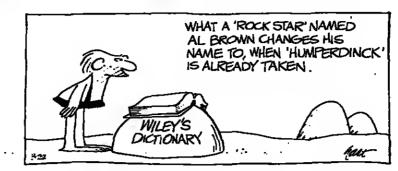
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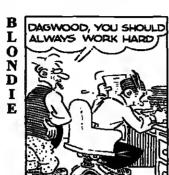






































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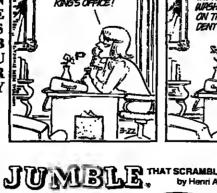


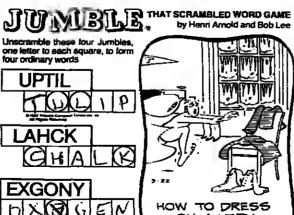












GHALB EXGONY DIXIBUEN ON A VERY **REQUIV** QUIDVER Print answer here:

(Answers tom Jumbles: ARRAY PIPER SECOND BUSHEL What she said baking a good dessert was— EASY AS PIE

Imprime par P.I.O. 1. Boulevard New 25018 Paris

DENNIS THE MENACE



AND, OF COURSE, THE MOST IMPORTANT THING TO REMEMBER. IS NOT TO SIGN YOUR WORK!"

NTCKACI

BOOKS.

LADIES ON THE LOOSE Women Travellers of the 18th and 19th Centuries

Edited, with an introduction by Leo Hamalian. 256 pp. \$11.95. Dodd Mead Publishing, 79 Madison Ave., New York, N.Y. 10016.

> Reviewed by Michele Slung curative herb effective against leprosy growing in that remote area.
>
> Fanny Bullock Workman, whom Hamalian calls "the foremost American woman explorer of the 19th century," published books with evocative titles like "The Call of the Snowy Hispar" (1910) and "Two Summers in the Icy Wilds of Eastern Karakorum" (1917), and the sample of her work he gives us describes a strenuous bicycling trip through Southern India. "On this day we sat under a spreading tamarind-tree to eat our tiffin. Shortly half a dozen rather small, dark brown monkeys climbed into the branches over us, and watched us attentively." Mary Kingsley, a niece of the novelist Charles Kingsley, was fascinated by Africa and successfully undertook to collect fish specimens there for the British Museum. Referring to one of the native tribes she traveled with, she writes, "A certain sort of friendship

IN THE days before photographs showed us what the other side of the world looked like, to see a distant vista or a faraway temple, you pretty much had to go there. And in those days before there were guidebooks especially aimed at the single woman traveler, the ladies who got up and went to places like China and Turkey did so at considerable risk, particulardid so at considerable risk, particular-ly if their journey was not under the by it that joining was not interest to protection of a gentleman. In Leo Hamalian's anthology of the writings of 18th and 19th-century women travelers, only the title, "Ladies on the Loose," is cute. None of his peripatetic heroines is anything but deter-mined, tough and intrepid, and the se-lections included therein reveal wit

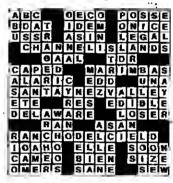
and bumor as well.

Beginning with Samuel Johnson's dear friend, Hester Thrale Piozzi, who in the 1780s went to live in Italy with her second busband, we are quickly reminded that sophistication is time-less. "That's our mountain, which throws up money for us, by calling foreigners to see the extraordinary ef-fects of so surprising a phenomenon." a Franciscan friar answers Piozzi when she asks him to confirm whether it's really Mt. Vesuvius she sees in the distance. Or bere's American journalist Kate Field in Spain in 1875:
"Would that the Republic's Minister of Finance and its commanding generals possessed the activity of its fleas! Why will Nature be such a spendthrift? Were she to economize on fleas, there might be sufficient en-ergy in the Peninsula to start the trains punctually and occasionally turn promises into deeds."

Spear-Wicking Tribesmen

Nor were the trips that Hamalian gives us glimpses of merely sedate sightseeing excursions. A hundred years ago, Lady Ann Blunt, Byron's granddaughter, became the first West-ern woman to visit the Nedj region of Saudi Arabia, surviving an attack by spear-wielding tribesmen. Born to a Viennese merchant family, Ida Lanra Pfeiffer circled the globe twice in the middle of the 19th century and died of Madagascar fever after an expedi-tion to that island. In 1891 Kate Marsden trekked across the vast expanse of Siberia to acquaint herself with the exiled lepers living in a col-ony in the Yakutsk region; she undertook this perilous adventure for humanitarian reasons, having heard of a

Solution to Friday's Puzzle



It is difficult not to be enthralled by what these singular women went through, whether it was having high tea in the jungle or shooing crocodiles away from fragile river craft (Mary Kingsley had continually to remind her boatmen to keep their legs inside the boat while they slept!) Not all of them were wife to vision, despite the boatedness of their transle, and many broadness of their travels, and many broadness of their travels, and many kept their prejudices about them for protection in alien lands. Few, though brave, were as game for new experiences simply for the sake of having them as Mrs. Alec Tweedie who tried every kind of sanna bath there was in the Finland of the 1890s, including one in which bags of ants were used to season the water. season the water.

Medical care and the plight of

the native tribes she traveled with, she writes, "A certain sort of friendship soon arose between the fans and me. We each recognized that we belonged to the same section of the human race with whom it is better to drink than to fight. We knew we would have killed each other if sufficient inducement were offered and so we took a certain

were offered, and so we took a certain amount of care that the inducement

High Tea in the Jungle

women almost always concerned the lady travelers, and Hamalian offers three selections — from Lady Mary Wortley Montagu, Lady Hester Stan-hope and Harriet Martineau — deploring the social customs of the Middle East, not the least of which are the portraits of a woman's bathhouse and a harem. Why there are no movies being made of some of these stories is a puzzle indeed, but interested producers can consult Hamalian's bibliography and useful further reading list. And perhaps the last word should go to Mary Wollstonecraft, who stated firmly, while on a journey through Sweden in 1795, that "travelers who require that every nation should resemble their native country, had better stay at home." If not all her fellow female travelers took her advice, our literature is the better for

Michele Slung reviews fiction for Na-tional Public Radio and writes the "Book Report" column for The Wash-ington Post's Book World.

BRIDGE.

THE diagramed deal had some interesting points in the bidding and play. After South passed a hand that some might open, West had an obvious bid of three clubs.

One would expect North to pass, al-lowing South to balance. The likely result would be a contract of three hearts, since North would know that his partner held about 10 points in

view of the original pass.

If North makes a very aggressive takeout double, the contract will certainly be four hearts. South may simply jump to game, or he may make a cue-bid of four clubs, reaching the same contract from the other side of

On the face of it, four hearts is headed for defeat when West leads

the spade king. However, South can survive by careful play.

The first trick is won with the spade ace, leaving the suit blocked. A trump is led to the jack-king-ace, and the defense consecution and the defense consecution. fense, can score the spade queen. The defenders cannot collect their second spade trick, and as it turns out they never get it.
West shifts to the club king, and

South wins the ace and plays diamonds, hoping for an even break. The fates oblige, and he throws one spade

By Alan Truscott loser on the third round and continues

To prevent another spade discard, East ruffs low, but it does not help him. South overruffs, ruffs a club and plays the last diamond. On this he can throw his remaining spade, and the heart queen is the third and last trick for the defense.

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frish flyhalf Ollie Campbell, right, arrives to help tackle French flyhalf Jean-Patrick Lescarboura.

French Ruggers Thwart Irish, 22-9

By Bob Donahue nal Herald Tribune PARIS - France, reinforced up front by a hard trio of recalled vetgrans, outbattled and ultimately purplayed Ireland in rugby here Saturday, winning comfortably, 22-9, by two tries, a conversion and four penalty goals to the three penalty goals that Ollie Campbell managed in six attempts.

Any of those three missed penalies, or the dropped goal Campbell attempted early in the second half when his forwards were making a last desperate effort to tame the French pack, would have taken the Irish star's points this year past the Five Nations championship record of 46 that he set two years ago. He ended with 46 again.

That was irrelevant. Unbeaten Ireland, going for its second grand slam ever and its first in the lifetime of its oldest player Saturday, was "well beaten," as coach Tom Kiernan put it. Thrice-defeated France revived with a vengeance on the annual championship's fi-tal day.

There were two versions of what

asppened - the match picture that emerged from the routine tesimony of players and officials, and a compatible but half-conjecqual tale that had Saturday night's panquet hall buzzing.

The conjecture was that some.

inshmen were only moderately jungry for victory, despite a heavy media buildup and such solemnilies as the conveying to Paris from lack Kyle, a star of the 1948 team that achieved Ireland's one and . : only grand slam.

As soon as the team arrived at its hotel Thursday night, senior forwards headed off into the Paris night. Friday morning, at the where the French players were cloistered, French officials told them that Irish forwards had run afoul of the Paris police in a hushed-up tangle shortly before dawn. (Independent confirmation was obtained Saturday from a sober source in the nightlife district of St. Germain-des-Prés.)

Late Friday came an announcement that Willy Duggan, the 6-loot-3, 32-year-old No. 8 whose combativeness and world-class skill were a special worry to the French team, was out of the match with a fractured wrist bone. The official explanation was that the injury occurred in training Thursday before the team left Ireland. After beating Wales and Eng-land this year, Ireland's 21-12 de-

feat of Scotland a month ago com-pleted its first sweep against Brit-th Isles teams since 1949. That "triple crown" and not the grand slam, Kiernan acknowledged after Saturday's match, had been the prime objective."
So much for preliminaries. On

won the forward battle of punishment and intimidation in the scrums; the victory points duly followed as Ireland's forwards succumbed in the second half.

The first action after France kicked off was a French scrum within dropkicking range for flyhalf Jean-Patrick Lescarboura. While he tried and missed, the explosive scrum erupted in fighting. The penalty was against right prop Gerry McLoughlin, and left wing Serge Blanco kicked it for France.

Better Running

Ireland's captain, hooker Ciaran Fitzgerald, soon needed two injury stoppages, but 20 minutes were gone before Campbell got a first penalty shot. He missed, from just over 50 meters, but then connected from 30 when French hooker Philippe Dintrans was penalized for

The better running was being done by the French, but there was little of it. Lescarboura and fullback Serge Gabernet were playing control tactics, punting long to keep their pack trotting forward and Campbell out of range of the goal. He managed two more penalty kicks before halftime, though, connecting once. The teams changed ends with Ireland ahead,

But Fitzgerald was worried. The important business was being done
in the dark of the strums, and he
told his men they would have to do
their part of it better. The two halftime huddles disbanded, leaving two strewings of orange peels smack between which, now, Ireland's kickoff led directly to a French scrum in the middle of the

"They were transformed," French left prop Pierre Dospital said later of the Irish in that scram and the next one. "But we matched them." For the two front rows, the suspense was over and domination established. What remained was the matter of putting points on the board, which still showed Ireland

From a lincout won, as often, by

captain Jean-Pierre Rives set up a manl and scrumhalf Pierre Berbizier sent Lescarboura running. The big flyhalf drew Irish defenders and chip-kicked past them for Blanco, who beat wing Trevor Ringland to the ball, kicked it on

France in the lead for good. As the Irish scrambled to score before confidence jelled throughont the French team, a pass from flanker Fergus Slattery, intended for Campbell, went to ground when right wing Michel Fabre at-tempted an interception. For Fitzgerald, that failure when a score was badly needed, followed instead by points for France — when Gabernet kicked a penalty in

and burst into overdrive. Blanco's dive outo the ball brought the par-

tisan full house to its feet and put

"It's hard for the players men-tally," Fitzgerald said, "when you're not getting the scores and you're on the receiving end."

the second half's 18th minute

foretold the outcome.

Was Duggan missed? "We obvionsly missed his physical strength," the captain said. "It's the likes of Willy you need out there." (He vigorously confirmed the official explanation of Duggan's injury.)

Blanco and Gabernet kicked two more penalties; in all, they connected five times out of six. Campbell's third penalty came in the 37th minute of the half. At the end. Dintrans hooked the ball in an Irish scrum near the French bours put center Patrick Mesny over for France's second try. Gabernet's conversion made it 22-9.

Props Dospital and Robert Pa-paremborde and lock Jean-Francois Imbernon, who were on France's grand slam-winning team last year, returned against Ireland determined to prove they should never have been dropped. "It feels," the 220-pound Pa-

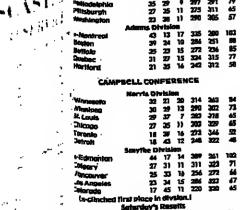
paremborde chirped after his shower, "just like winning the grand slam again."

Scots, With 34-18 Triumph, Stop Home Streak of Welsh

CARDIFF. Wales - Scotland ended a 27-match Welsh unbeaten streak at home in the Five Nations championship with a 34-18 victory here Saturday. The Scots scored

After Weish fullback Gwyn Evans kicked the first of his four penans kicked the first of instole pear-alty goals, a punt from Gareth Da-vies, the Welsh captain, found Scottish left wing Roger Baird, who attacked from near his line. No. 8 Iain Paxton and lock Alan So much for preliminaries. On Tomes carried on, and flanker Jim the field, the French, badly need-Calder got a spectacular try.

NHL Standings



-Diarode 17 45 11 2.0 3.0 (n-clinched first place in division.)
Seturday's Results
Boston 6. Buffold 4 (Pederson (37), Gillis (7).
1. Creeder 2 (12), Krusheinyski (2), Morcotte 13); Ounc (7), Foldon 2 (3), Morcoroln (5)).
Chicogo 4 Detroit 3 (Lysiok (36), Presson (13), Advey (30), Sovard (3)); Naton 15). McKechnie 7). Medersekki (13). elphia 5, Hariford 2 (Hill (5). Flockhart 32). Borber (40), Alibon (16), Linsenton (21)

runcis (21), Douglas (9)). Vancouver 3, Quebec 3 (Snappis (2), Rata (17), Myl (31); P. Stastny (42), Hunter (19), M. Rathy (19). Names (31). Montreal 5. Minnesotu 1 (Nopier (34). House 11), Namier (37), Tremblay (30), Shuft (30);

Accartin (19). St. Louis J. N.Y. lokunders 3 (Gillies (36), Bossy 57). Kaltur (17); Duniop (23), Mullen (22),

.37). Kollur 177; Dunios (3); America (3); Aspecia (18).
N.Y. Romeers 4. Woshington 3. [Florek (7); Aspecia (22); Maruk 57), Gustafsson (25), Johnstons (22); Maruk 57), Gustafsson (25), German (34).
Wisnipees 7, Terento 0 (Christian (35), Modelmon (35), Steen 113). Hookins (7), Modelmon (31), Howerthuck (42), Lukowich 1800. Calgary 4. Calarade 2 | McDenald (34).

Lavolite (38), Routokoliko (15), Clement (4); Wensink (3), Lave (61). Los Angeles I, Pittiburgh 5 (Nicholis J (8), Simmter (14), M. Murohy (1), Dionne (47), Fox (27); Shapoard (18), Gardner (20), Schuti (5), Bultard (34), Gardner (311). Fridary Resett Coteory 3, Edmonton 3 (Chouleard (21),

Corpory 3, Edmonton 3 (Chouleard 121), Bridoman 122), Milsten (22); Semenko (18), Alessier (45), Greizky (94). Flyers and Sabres Replace Coaches

BOSTON - Two National Hockey League teams, the Buffalo Sabres and Philadelphia Flyers, made coaching changes late Fri-day. Buffalo General Manager Scotty Bowman took over from Jim Roberts, who will remain as an associate coach, and the Flyers' Pat Quinn gave way to Bob McCammon, who coached the team for 50 games in 1978-79 before Quinn replaced him.

Bowman coached the Sabres for its first 27 games this season, compiling a 14-6-7 record. He turned over the reins, but not the headcoach ritle, to Roberts in early December; since then the team has been 21-17-8 and has won only two

of its last 12 games. Owner Ed Snider said the 35-29-9 Flyers "weren't going anywhere — and it has not been the history of this club to throw in the towel. Quinn had coached Philadelphia to 141-73-48 record, including a record 35-game unbeaten streak and the Stanley Cup finals in 1979-

A dropped goal and a try by center Iim Renwick, converted by captain Andy Irvine, offset two more Evans penalties to give Scot-land a 13-9 lead at halftime. As halfbacks Roy Laidlaw and John Rutherford and the back row

of Paxton, Calder and Derek White outplayed their Welsh opposite numbers, the confidence demonstrated in the first try move-ment swelled in the second half. New wing Jim Pollock, flanker White and center David Johnston scored tries, all converted by Irvine, and Rutherford dropped a goal For Wales, which missed in-jured scrumhalf Terry Holmes, No. 8 Eddie Butler got a consolation try that Evans converted.

Superlatives accumulated along with Scotland's points, which added up to its biggest score in Wales in 98 years of visits and its biggest victory over Wales since 1924 in Edinburgh (35-10).
Since a victory in Dublin exactly six years before, Scots had failed to win away in the championship

in 11 attempts. Not since 1962 had Scotland won in Wales.

No visiting team had won a Five Nations match in Wales in 27 attempts since 1968, when France won (France managed a draw in 1974.) The Cardiff crowd cheered the Scots and jeered at the Welsh team — which finished joint-last with France this year after dominating European rugby in the 1970s. Scotland finished joint-second with England.
The 1982 championship pro-

duced a record 54 penalty goals and only 26 tries. Evans totaled 37 points, behind Ireland's Office Campbell (46) and ahead of England's Dusty Hare (28) and Scotland's Irvine (25). Scotland totaled seven tries and

gave up only two; the try tally was 5-4 for England and France, 5-5 for Ireland and 4-11 for Wales, whose only victory was at home against France Feb. 6.

Final Standings

Louisville, Georgetown Gain NCAA's Final Four

From Agency Dispatches
BIRMINGHAM, Alabama —

Lousiville and Georgetown advanced to the final four of the Nanonal Collegiate Athletic Associa-non basketball tournament with convincing regional-final victories Saturday.

In the Mideast division here, Louisville defeated the University of Alabama-Birmingham, 75-68, while Georgetown routed Oregon State, 69-45, in the West final at

When Louisville was in a midseason UA-B slump and Cardinal fans were clamoring for Coach Denny Crum to stop playing so many people, he decided then that the NCAA tournament was more important than his regular-season record. Crum's stubbonness UAtutes outscored their UA-B coun-terparts, 31-6, and were the decisive factor Saturday.

"I wanted my bench ready to play when I needed them at the end of year," Crum said. "Maybe it was a gamble, but I have a long-term contract. I can afford to take Louisville, the national champi-

on two years ago and still starting four players from that team, will play Georgetown in the national semifinals Saturday in New Or-

The West regional final had fig-ured to be close; instead, it was a runaway as Georgetown dominat-ed from the start. Oregon State, a smart team with an excellent passing game, could not keep up with the quicker Hoyas. And it could not stop Eric Floyd, Georgetown's all-America guard, or Pat Ewing, its 7-font freshman center. Floyd

led his team with 22 points.

Georgetown looked like a world-beater in taking a 42-25 lead at halftime. It had too much finesse, creativity and quickness for Ore-gon State. The Hoyas sank a sparkling 17 of 25 shots, with Floyd hitting seven of 10 and Ew-ing five of seven. Oregon State was

Unstoppable

Ewing was unstoppable when he got the ball underneath, and Ore-gon State devoted itself to keeping the ball from him. When it succeeded, Floyd countered with

jump shots from 15 to 20 feet and driving lay-ups.

At halftime, Floyd had 18 points and Ewing 11. Oregon State's leading scorers then was Lester Comer with seven. Charlie Sitton, who had six at the half, was scoreless the first 11 minutes as he vainly tried to contain Ewing, who was four inches taller.

Georgetown, champion of the Big East Conference, was seeded first in the regional competition. The Hoyas started the day with a 28-6 record. Oregon State (25-4), champion of the Pacific 10 the last three seasons, was seeded second. Louisville's performance against UA-B was a triumph for Crum's

Krizaj Wins

mum possible.

Both women's races were held to of poor weather.

and 1.02 seconds ahead Christin Cooper.

WOMEN'S SLALOM 1. Erika Hess, Switzerland, 1.41:55. 2. Doniela Zial, Haly, 1.42:57. 2. Ternara McKinney, U.S., 1.42:79. 4. Maria Rosa Quarla, Haly, 1:42:20. WOMEN'S GIANT SLALOM 1. Hess, 2,12:05

McKlmey, 2.12:09 a. manaray 2,1237 2. Christin Copper, U.S., 2,13:87 4. Montka Hess, Switzerland, 2,13:43 5. Perrice Pelan, France, 2,13:77 6. Olgo Charvatovo, Czechoslovakla. 1, 260, 2010 8. Mgrio Epple, 214; 13 9, Irene Epple, 2.14; 27 10. Cindy Naiste, U.S., 214; 24

MEN'S SLALOM 1. Solon Krisul, Yugostovio, 1138,9.
2. Ingernor Stepmort, Swedon, 1138,92.
2. Fronz Gruber, Aystria, 1139,30.
4. Joint Gospez, Switzerland, 1139,39.
5. Marc Girordelli, Lucernbours, 1139,42.
6. (van Edolini, 1907), 139,82. 1. Stip Strand, Sweden, 1:39.99. J. Christian Originaky, Austria, 1:40.32.

still be putting a high school all-America on the court, one reason he says he doesn't worry "about whether I'm bringing in too many players or not. If they don't like how we do things here, they can to 45 percent.

No Cardinal is about to teave now, not after the way Crum has let his team mature despite once having a 12-8 record, hardly an encouraging sign for an eventual tournament bid. They now are 23-

Villanova, B.C. Advance

When starter Wiley Brown was ineffective Saturday, Crum substi-tuted with sophomore center

lege both won to advance to their respective regional finals.

Villanova came away with a 70-66 overtime victory Friday night over Memphis State in an East Re-

gional semifinal here, and Boston College defeated Kansas State, 69-

65, in e Midwest semifinal at St. Louis. With Georgetown having gained the final four by winning the West Regional final Saturday,

three Big East teams remain in the running for this year's NCAA title. In the other Eastern semifinal,

North Carolina defeated Alabama

4-69, while Houston shocked

Missouri, 79-78, in the second

Midwest contest. Friday's winners

were to play for their regional

championships Sunday.

John Pinone's two free throws

broke a tie with 26 seconds left in

overtime, and Stewart Granger

added two more to clinch it 16 sec-

onds later as Villanova upset

Pinone led all scorers with 19 points; Keith Lee led Memphis State with 14 points despite foul-

ing out with just under five min-

utes remaining in regulation.
"We deserve to be in the final

eight." Pinone said. "Now people will know about Villanova, it is no

Michael Adams and John Garris

combined for 38 points and helped

Boston College erase a five-point halftime deficit to beat Kansas

State, Adams scored 11 points in

the second half and executed a

daring steal in the final minutes

that helped the Eagles preserve a

Kansas State Coach Jack Hart-

man said: "They kept fresh players in the game. We got very, very tired. Depth was a big factor."

James Worthy and Sam Perkins combined for all the points in a 10-

2 spurt midway through the sec-ond half that put North Carolina in control for good against Ala-

Memphis State.

two-noint lead.

fluke.

cause of their quickness. That wasn't the case against UA-B. which lives and dies on speed and jump-shooting. The game's quick pace forced 22 turnovers, but the Blazers' shooting accuracy slipped

"We can't play much better than we are," said Crum, despite his team's sloppy ball-handling. When we shoot 60 percent, I can't complain about that. When the Cardinals were slump-

ing some weeks ago, they also were having difficulty making foul shots, a weakness Crum contends cost them at least four games. But when UA-B fouled, ont of despera-

Purdue NTT Semifinalist

Monday in a semifinal game in

huge recruiting job during the past half-decade. No other NCAA tournament team can go nine deep and the cardinals usually win beaverages five points a game.

Strong rebounding (Louisville was plus-seven Saturday) and solid defense, especially in the second half against high-scoring Oliver Robinson (20 points, 14 in the first half) were more reasons the Cardinals ended UA-B's 12-game winning streak. It was only the Blazers' second bome loss in three

"We got into a little bit of foul trouble and we weren't able to play as much man-to-man as we wanted," said losing Coach Gene

There were two particularly im-portant parts in the game, which

only one of nine shots.

An unusual foul call also aided Louisville. Robinson and the Cardinals' Derek Smith collided and both fell to the floor. Smith tried to get up, but Robinson was lying on his arm. Finally the Blazer guard was tagged with the personl, which led to two more points by Louisville. "He was laying on me and 1 tried to nudge him off and he wanted to stay close to me," said Smith, who had 14 points despite a blow to the jaw early in the second half. "It was a good call." But UA-B quickly wiped out Louisville's 40-32 halftime lead by

ine half, with UA-B ahead, 30-29.

after causing three turnovers. The

Cardinals, playing with three sub-stitutes, scored 11 straight points to lead, 40-30, as UA-B went

through a stretch in which it made

coming out in a full-court press and benefiting from the speedier tempo. Even with Chris Giles, its best rebounder, on the bench with four fouls, UA-B led, 54-52, with

Turning It On

That's when Jones, a 6-foot-8 sophomore who started earlier in the season before being injured, started to turn it on. He made a lay-up despite being hit hard by Donnie Speer. After a fast-break lay-up by Rodney McCray, Jones converted Lancaster Gordon's fine pass into a powerful dunk. Robinson countered with a jumper, but an eight-footer by ninth man Milt Wagner, a freshman, and Gor-don's long-range field goal had Louisville up by eight.

Once the Cardinals got ahead, it became a matter of how well they could shoot free throws. They missed their first five earlier in the half, but when UA-B crept within two near the end, Louisville con-

Their bench was near-perfect, they were superior," Bartow said of Louisville's replacements, who include Scooter McCray, a starter earlier in the season, and senior Poncho Wright, a jump-shot spe-cialist, Along with Jones and Wag-ner, they made 11 of 14 shots and had nine rebounds. UA-B's subs made two of seven shots and three The last time the Cardinals were in the final four, Darrell Griffith

carried them to the national title. This time, they have no similar superior player -- just lots of good "We just turned the ball over to Darrell and we filled in," guard

Jerry Eaves said. With this team, it's different, We all need to do more things.

You just never know who is going to play the biggest role from game

Hess Takes Slalom Title;

From Agency Dispatches
ALPE D'HUEZ, France — Erika Hess of Switzerland scored a

In Kranjska Gora, Yugoslavia, Bojan Krizaj recorded his first World Cup victory of the season

was third in 1:39.10.

In the slalom race Hess was 92undreths of a second faster than Daniela Zini of Italy and 1.25 seconds ahead of McKinney, who fin-

Stemmark led Krizaj by one-hun-dredth of a second after the first heat. But in the second, he had trouble with one of his skis before he recovered control enough to claim second place.

4, Maria Robe Querio, Holy, 1:4528.
5. Petro Watczel, Liechlenstein, L.C.C.
6, Plero Matczel, Italy, 1.44:54,
7. Anja Zavodjov, Yugoslovic, 1.44:51,
8, Maria Elopie, Wast Germany, 1.44:57,
9, Ursalio Kotzett, Llechlenstein, 1.44:78,
10. Foblance Serrat, Franco, 1.44:73,

double triumph Sunday, winning World Cup sialom and giant sialom events here. By capturing her fifth slalom race of the season she clinched the 1982 title in that category with 125 points, the maxi-

Saturday, edging Ingemar Sten-mark of Sweden by four-hundredths of second in a slalom race. Krizaj, a Yngoslav, posted a combined time of 1 minute, 38.89 seconds, against Stenmark's 1:38.93. Franz Gruber of Austria

replace events that had been post-poned earlier in the season because The victories Sunday put the 20year-old Hess in an excellent posi-

tion to take the 1982 overall cham-pionship. With 192 points she is 14 points ahead of her nearest rival, frene Epple of West Germany. Ep-ple finished ninth in Sunday's giant slalom and 12th in the slalom. In the giant slalom, Hess clocked two minutes 12.05 seconds to finish ahead of two Americans. She was four-hundreths of a sec-ond ahead of Tamara McKinney

ished third.

the warm, muggy, breezy weather. Both were at 6-under 210. Scott Simpson had a 2-shot lead going into the final two holes but dumped his tee shot into a tiny bunker on the island green on the par-3 17th and took two to get out. Then he missed a 6-foot putt for a

double bogey-5. Earlier Saturday, Jay Haas finished off a 6-under-par 66 to share the second-round lead with five other golfers, including Simpson, at 138. Hass and 58 others were stranded by darkness Friday night. Jack Nicklaus, meanwhile, missed the cut for the second week in a row. He was 5 over par for the five holes he played Saturday morning double-bogeying the last

was third in his Renault. Piquet maintained his starting position and finished the first lap in seventh. By the fifth lap, Pium created by the racer ahead, to EASTERN CONFERENCE Erika Hess ... And twice on Sunday.

Lietzke, Bryant Share Golf Lead; WESTERN CONFERENCE Nicklaus Goes Out The Associated Press PONTE VEDRA, Fla. — Bruce Lietzke and Brad Bryant shared the lead Saturday after three rounds of the Tournament Players Golf Championship, Lietzke had a 3-under-par 69 and Bryant a 71 in

₎. Defrait) 11, Houston 162 (Tripucke 30, Thomes i) Majore 19, Reid 18). Portland 131, Utak 125 (Thompson 30, Passon iey 35, Green 21). r 130, Chicogo 129 (Issel 32, English 29;

Softenday's Resetts
Los Anpaise 10, Now York (NL) 4
Pithoburgh 10, Philiodelphia: 7
Allonita 2, Houston 9
Cincinnati 4, Konsas City 2
St. Loois 10, Boston 6
Terrento 4, Chicaso (AL) 4
Detroit 9, Milnesetto 2
Son Francisco 6, Chicaso (NI 3
Son Diego 6, Seattly 4
Cleveland 8, Osidonat 1
Colifornia 4, Allinouses 2

ing a 78 for a 151 total.

hole from the water and complet-

Priday's Results.
Pittaburgh 4. New York (NL) 8
Philoselehla 14. SLLouis 1
Montreat 2. New York (AL) 8
Houston 5. Minnesofa 2
Los Angetes 4. Boston 0
Alfanta 4. Kansas City 8
Boltimort 5. Texas 2
Toronio 12. Chicaso (AL) 9
San Francisco 6. Son Diago 5
Cokland 8. Chicaso (NL) 2
Clayeland 6. Milwoukee 2

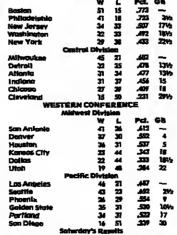
Piquet Wins Brazilian Grand Prix more than do conventional en-

The Associated Press RIO DE JANEIRO - Defending world champion Nelson Piquet of Brazil, driving a Brabham, came from behind Sunday to win the Brazilian Grand Prix formula-1

auto race. Alain Prost of France had the pole position at the start of the race, but he was unable to hold the lead. At the end of the first lap, the second-place starter, Canadian Gilles Villeneuve, was first in his turbo-charged Ferrari. Villeneuve was followed by Frenchman Rene Amoux, in a Renault, and Prost

quet's strategy became clear. On that lap he waited behind the Williams of Finn Keke Rosberg, taking advantage of the vacu-

NBA Standings



Perform 34 37 323 77
Son Diego 16 51 329 30
Sahardery's Resents
Indiano 104, New Jersey 101 (Davis 25, Buse
15; C'ricyrun 19, B. Williams (18).
Son Antonio 115, Clevalend 102 (Gervin 41,
Altonio 184, Edwards 29, Brewer 201,
Altonio 104, New York % (Roundfleid, Johnson
22, Sooryow 13; Smith 30, Westintol, Mewlin 13).
Fridary's Resells
Boston 134, Son Antonio 110 (Corr 25, Bird 19;
Gervin 31, Altricul 301.
Philodelphila 112, Indiano 95 (Erving 28, B.
Jones, Toney 13; C. Johnson 19, Williams 181.
Washington 108, Son Olego 98 1Hoywood,
Mehorn 19, Balliord 18; Whitehead 31, Criss 311.
Los Angeles 112, Dollars 106 (Addo-Jabbor 22,
Williams 22; Vincand 22, Davis 201,
Seattle 109, Konsos City 102 (Williams 27,
Shamo 17; Woodson 34, Loder 21).
Allweutze 119, Cleveland 97 (Winters 22,
Cammings 17; Hubbard 18, Wedman, Edwards
16).

Exhibition Baseball

save his car through the long, fast straight. Then, just at the end of the straight, the fastest part of the circuit, Piquet delayed breaking and moved left to take Rosberg going into a left-hand bend. That put Piquet in 5th.

On the 10th lap, Piquet got past Brabham teammate Riccardo Patrese in the same way and at the same point he overtook Rosberg. By this time engine problems had slowed Prost, who had slipped to fifth, and it left Villeneuve and Arnoux ahead of Piquet.

On the 17th lap Piquet pressed the second-placed Arnoux and again at the end of the straight he moved to the left to pass. Arnoux made a mistake in his breaking, and in the split-second it took for him to recover both Piquet and Rosberg charged past. That began one of the race's most dramatic duels. As Piquet was closing on the front-running

Villeneuve, Rosberg was closing on Piquet and by the 20th lap was 0.651 seconds behind the Brazili-Several times Rosberg moved out to pass and finally succeeded on the 24th lap, only to have Pi-quet pull ahead of him a few hun-dred meters later.

On the 26th lap, Rosberg again got past Piquet and took over second. But two lans later Piquet was back again — and on lap No. 30 he took the lead from Villeneure, who skidded across the track in front of Piquet and dropped out of the

After abandoning his car Villeneuve said, "I saw Piquet coming up beside me in my mirror and I made a mistake when I put on the breaks going into the curve When Piquet saw open track, be tonk off; Rosberg never threatened

decided to save the car and settle for second." Villenueve's turbo-charged Ferrari is one of the fastest cars on the track. The turbo engine develops close to 600 horsepower, about 100

him again. After the race Rosberg

said: "I just couldn't catch him. I tried but when I realized I couldn't

Transactions BASCBALL

National League
CINCINNATI—Sold Gooff Cambe, p
Edmanton of the Pacific Coast League,
FOOTBALL,
National Feetball League GREEN BAY-Signed Larry Pfohl and Gar-Anderson, guards; Virall Livers, delensive back; and James Davidson, tockle, NEW ORLEANS—Signed Robert Parhom

fullback, and John Stamm, Holt end.

NOCKEY

Notices! Nackey Laspe:

BUFFALO—Announced that Scotty Bowman,
general menager, will assume head coaching
duties for the remainder of the season and that
Jim Roberts, head coach, will remain as an
associate coach.

CALGARY—Recalled Pat Ribble,
defenseman, from Oklahoma City at the Central
Hockey League.

COLLEGE CAL-IRVINE—Extended the contract of head backetball coach Bill Mulligan through the 1994-

(LLINOIS ST.-Named Daniel Gharmley MICHIGAN Named Stave Fisher assistant

gines, such as the one Piquet's Brabham uses. But the turbo does not respond as quickly to the accelerator as the conventional engines; and the turbo is a heavier engine, which gives conventional cars a handling ad-

vantage. Frank Williams, owner of the Williams team, said the 90-degreeplus tropical heat was harder on the drivers than on the cars. After the race Piquet commented, "Physically, it was one of my most difficult races." He said he was wearing a new helmet and he ended up breathing hot rather than cool air Helmets have special air hoses that

are supposed to cool the drivers. Brussian Greed Prix

1. Nelson Plouet, Bruszil, Brushburg, 1 hour 43 minutes S3.76 seconds of an overage speed of 193.6 kph (174.986 mph).

2. Kake Rosberg, Finland, Williams, 1:44.15.17,

3. Aldin Prost, France, Renoult, 1:44.15.12,

4. John Worken, Britoln, McLaren, 1:44.16.12,

5. Nigel Mansell, Britoln, Lotus, 1:42.97,97,

4. Michael Albersta, Italy, Tyrrail, 1:45.23,97,

1. Manfred Winkelbock, West Germany, ATS, one job bock.

ne lop book. B. Oldler Pireni, France, Farrort, one lop. 9. Silm Borsudd, Sweden, Tyrreli, two lops. 10. Jochen Moss, West Germany, March, two (Sixty-three lops of 3.124 miles (5.63) (ometers) each, totaling 196.95 miles 1.314.95)

Drivers' Standing

Turnbull, Jordan

Gain Tennis Final

BOSTON — Wendy Turnbull battled from behind to defeat Andrea Leand, 6-7, 6-0, 6-0, and Kathy Jordan breezed against a ner-vous Bonnie Gadusek, 6-2, 6-2, Saturday night to score semifinal tennis victories in a women's pro-fessional tennis tournament here.

Turnbull, the 29-year-old veteran from Australia who Friday de-feated Billie Jean King, 6-4, 7-6; will face Jordan in Sunday's final. Jordan is seeking her first major title since turning pro in 1979. In the other quarterfinals Jordan defeated Anne Smith, Leand beat Yvonne Vermaak and Gadusek

upset Betsy Nagelsen.

Vilas Downs Connors ROTTERDAM (UPI) - Guillermo Vilas of Argentina rallied to defeat American Jimmy Connors, 0-6, 6-2, 6-4, in the finals of a professional tennis tournamnet here Sunday.

Lendi Wins

STRASBOURG, France (AP) - Ivan Lendl of Czechoslovakia swept aside Tim Mayotte, an unseeded 21-year-old American, 6-0, 7-5, 6-1, to win an indoor tennis tournament here Sunday.



Villanova's Gary McLain

Cari-BE-an Initiative

Language

By William Safire

NEW YORK — The scene is the Roosevelt Room of the White House, filled with pictures and plaques of the two Presidents Roosevelt, across the hall from the Oval Office. It used to be called the Fish Room, after Secretary of State Hamilton Fish, but visitors kept looking for the aquarium, so the name was changed during the Nixon admin-

istration. Hunched \$ 17 around the table are a passel of pundits, being briefed on the president's "Caribbean basin ini- ... tiative" by Spe-

cial Trade Representative William Brock, Assistant Secretary of State Thomas Enders and a guy from the National Security Council whose name I

I went straight for the jugular, pointing to a dichotomy in the administration's approach: How come the STR pronounced it "Cari-BE-an" and State said "Ca-RIB-ean"? "Both are correct," said Enders instantly, taking the classic State Department position, which holds that no disagreement exists and nothing ever represents a change from the previous statement

"Tomorrow I get to say 'Car-RIB-ean,' and he has to say 'Cari-BE-an,' replied Brock, relaxed and capable of greater political insight under severe questioning.

Although both are correct even the State Department gets it right now and then - the preferred pronunciation is Cari-BEan. The word comes from an Indian people — the Caribs — with the accent on the first syllable, sounding much like "Arabs." In the 15th century, members of the Cariban tribes dominated northern Brazil and the north coast of South America, and were in the process of taking over the Greater Antilles when the Spaniards arrived and intervened.

Christopher Columbus heard them called Carib in Haiti and Caniba in Cuba; their propensity for eating their enemies led to the word "cannibal." In both cases, the accent was on the first syllable; later, the Caribs were also called the Caribees, making a great case for preferring Cari-BE-an.

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sex terms across the covers of U.S. magazines continues

When the newly rejuvenated Harper's magazine was seduced by "courtesan," its editor was subjected to excoriation. Now Time magazine has gotten itself impregnated with error.

"Time's cover of Feh. 22," writes Mary Kay Pennotti-Byron of Tuxedo Park, N.Y., "maligns Charlie's poor angel Jaclyn Smith. How ungracious to call her an 'expectant actress.' No matter what they think of her talent, she is an actress by profession. And of all times to get her upset! Their cover clearly shows she's pregnant."

In its story on "The New Baby Boom," Time presented a photograph of actress Smith joyfully holding her hands on the baby developing in her body. The only problem was the caption: "Expect-ant Actress Jaclyn Smith."

Smith is indisputably expectant that is, she is expecting to have a baby. It is accurate to describe her as "expectant," if that adjec-tive is left to stand by itself, be-cause the word has become the most recent euphemism for "pregnant." It is less arch than the French enceinte.

"We went with 'expectant actress," says Ray Cave, the managing editor of Time, "because, according to our Webster's Third New International Dictionary, 'pregnant' is the first definition listed for 'expectant.' It is therefore not an incorrect usage."

I think the usage was conceived in error. When you are an expectant mother, you are pregnant; when you are an expectant father, you expect to become a father; when you are an expectant actress, you expect one day to become an actress. "Expectant" means "pregnant" only when the noun following - spoken or understood - is "mother." When the noun that "expectant" modifies is anything else -- actress, heiress, magazine editor - the meaning of pregnancy vanishes and the more general 'expects to become" takes over.

Hell, the permissivist might say, everybody understands that the phrase "expectant actress" accompanying a woman wearing a tentlike dress is intended to mean "pregnant woman who is an actress." Reply: If so, why not say pregnant actress"? Why invite ambiguity?

New York Times Service

Miles Davis

A Fusion of Musical Tension, Birth of the Cool, Green Trumpets and Periodic Bouts of Brooding

The Miles Davis Way

can put together a better rock 'n' roll band than Jimi Hendrix."

wrote the title tune to Davis'

1969 jazz-rock album "In a Silent

with many chords, much too busy for the Prince of Silence.

Davis told John McLaughlin to

"play it like you don't know how

to play the guitar." And finally

the recorded version has only one

("E-flat for four hours," as saxo-

phonist Dave Liebman once put

it), subtle ("It's not the note you play, it's what you do with it," said Davis) and sometimes for-

bidding over the rock beat. The

power of the boiling cauldron of

electronie sound Davis invented

came from its interaction of vari-

ation and repetition, of aesthetie and physical elements. And he

understood the theatrical ele-

ment of rock, He started to play

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AUTOMOBILES

His fusion music was austere

It was a complex tune

Keyhoardist Joe Zawinul

By Michael Zwerin national Herald Tribune DARIS - Miles Davis has been called Prince of both Darkness and Silence. He once said: "I have to change. It's like a

curse.

The enigmatic Davis is known for caustic putdowns, turning his back on the audience, showing up late or not at all, refusing to play encores, driving fast cars, being a clothes horse, womaniz-ing, getting in trouble with the law and his financial negotiating prowess. He can be something of a tyrant with his musicians. And he is known for changing.

Ian Carr's "Miles Davis, A Critical Biography," published recently by Quartet in London, reveals Davis, who will be touring Europe next month, to be a more complex and sympathetic character than his public image. He comes across as proud, brave, loyal and smart, although it is obvious that Carr, a jazz trumpeter with a degree in English literature, is a Miles Davis fan.

Started on Violin

Miles Dewey Davis was born on May 25, 1926, in Alton, Ill. His father was a successful dentist who had a 200-acre farm near East St. Louis. He played violin first and then trumpet and in high school his teacher taught him to play without vibrato, saying: "You're gonna get old anyway and start shaking."

The bourgeois teenager went to New York to study at Julliard and spent "my first week there and my first month's allowance looking for Charlie Parker." He dropped out of Julliard and joined Parker's quintet when he was 19. Although he struggled with range and speed at first, it was clear that Parker had discovered someone who was, in the words of anthor James Baldwin. "a miraculously tough and tender man."

Davis began to look for alternatives to what Carr calls the "frenetic excess of bebop." He quotes Davis: "It's just like clothes. All of a sudden you decide you don't have to wear spats and a flower.

In 1949 Davis formed tronette which came to be called The Birth of the Cool. His tough and tender music spawned the West Coast school of jazz, and established Davis as a personali-

ty apart from Parker. The Cool grew up as Davis and arranger Gil Evans teamed to record "Sketches of Spain" and other big band albums such as "Miles Ahead," which illustrated that intelligent jazz could sell.

He began to win critics' polls and Down Beat readers voted him "Jazz Personality of 1959." One club owner told him: The trouble with you is that everybody likes you, you little son of a

Getting More

Davis knows how to get more from his musicians than they think they have. "Don't play what's there, play what's not there," he would tell them; or "Don't play what you know, play what you don't know." His bands were elite schools for future stars like Keith Jarrett, Herhie Hancock, John McLaughlin, Wayne Shorter, Bill Evans, Tony Williams and, of course, John Coltrane.

Coltrane and Davis made the perfect team in the late '50s and early '60s, the former's sheets of sound contrasting organically with Davis' space. Towards the end of the tenorman's stay with Davis, Coltrane was searching for his own personality and began to play longer and longer solos, sometimes for an hour in the middle of a set that was supposed to be only 45 minutes.

Davis once asked Coltrane: "Man, why don't you play 27 choruses instead of 28?" Coltrane answered: "I get involved in this thing and I don't know how to stop." Davis said: "Try taking the saxophone out of your mouth.

Periodic Retirements

Davis is known for his periodic retirements. He once explained: 'I'm retired now because I don't do nothing unless I want to." He would closet himself in his West Side townhouse for weeks at a time, surrounded, it was ru-mored, by a bevy of beamiful women. He would write, reflect,

For Davis being a superstar was every bit as important as playing music and hy the late 60s he saw that he was going to have to make some accommodation to rock if he wanted to keep that status. He said: "I think I

a green trumpet, and dressed in leather waistcoats with thongs, snakeskin pants and bright scarves. Rock audiences ate it up. The young Miles Davis had

been pristine, all-music, but he had not been materially rewarded for having given birth to the cool and the tension and insecurity got to him and there was a bout with heroin. He kicked and became a vegetarian.

Vegetarian

Yet this health nut was always sick. Davis was hospitalized several times for calcium deposits in his hip joints, he suffered from insomnia for years, he was once admitted to a hospital with an ulcer, several times he had to have polyps removed from his vocal chords. The polyps gave him his famous rasp, which a generation of hipsters imitated as one emblem of hipness.

After another retirement in 1975, he came back last autumn with a new album, "The Man With the Horn," and a concert in New York's Avery Fisher Hall. His new, young band was full of electronic thunder, strident guitar chords, plenty of fuzz and echo over a funky R&B-influenced beat. Pointing his amphfied trumpet towards the floor, never facing his audience, Davis played his sparse, plaintive ro-mantic phrases in profile. Despite the joers of purists, one lis-tener remarked: "Miles opens up melody like a flower."

Last Thanksgiving Day, Nov. 26, he married actress Cicely Tyson, with whom he has had a relationship off and on for years. The ceremony was performed by Atlanta mayor-elect Andrew Young at the home of comedian Bill Cosby. Davis is at the top of the black artistic aristocracy.

Gil Evans explains how he got there: "Miles is not afraid of what he likes. A lot of other musicians are constantly looking around to hear what the next person is doing and worry about whether they themselves are in style. Miles goes his own way."

Miles Davis: Stockholm, April 13-14; Hamburg, April 17; Frankfurt, April 18; London, April 21-22; Milan, April 25-26; The Hague, April 28; Amsterdan, April 29; Paris, May 2-3, Bor-dowy, May 6. deaux, May 6.

The Greening of Rome

By Louis B. Fleming Los Angeles Times Service

ROME - The "Greening of Rome" is being accelerated in an effort to prevent asphalt and concrete from displacing what is left of the gardens and open fields that once characterized the center of the city.

More areas given over the nature are needed to satisfy "a physiological and psychological need of citizens." Luigi Celestre Angrisani, the city commissioner in charge of gardens and parks, said.

Angrisani's office is dominated by a giant szales that was in full lower the other day, its delicate pink blossoms a happy distraction from the dismal view of one of those raw sections of Rome that proves his point about the need for open space.

2,500 Acres Added

Last year, Rome added 2,500 acres of open space and Angrisani told a visitor:

"That was the year of acquisition. This year we want to develop that land into parks and gardens." Rome has only about 87 square feet of park and garden area per capita, be said, about one-third of the green space per capita its Lon-

Rome has 900 miles of tree-lined streets, but there is little green in the historic center except for the Villa Borghese, now Rome's prin-cipal park, and the park-like set-ting of the Roman Forum and Palatine. The greening process is going to be applied where the em-perors walked as well as to the vast housing areas that have developed outside the walls of the city in this century.

The most sensational application of flower power was the transformation overnight - literally overnight - of the Piazza Venezia. When Romans awakened Dec. 5, three beds of cyclamens and

pansies bloomed amid luxuriant lawns in a half-acre at the center of the plaza where frenzied crowds once cheered Benito Mussolini as he spoke from the balcony of the stark, 15th-century Palazzo Venezia, which overlooks the piazza. A crew of 50 gardeners had worked in shifts through the night

to achieve the transformation, with minimum effect on traffic. The lawns came in rolls. The plants came from one of the city's two nurseries.
"We are dealing in some ways with a historic development that

the function of a peaceful meeting

place to teach the recovery of the love for nature," Angrisant told a reporter at the time. Now he has even more ambi-

tions plans. The spring display of azaleas on the Spanish Steps is spilling over this year to two near hy piazzas and into the streets as And Bruno Vergati, Rome's de-

rector of public gardens, is already planning how to landscape the area between the Imperial and the Roman forums after removal of

the street that divides them. There is resistance to that plac-The street is one of the city employ-arteries, and many Romans thinks

the use of the street more important than beautifying the city. "But it will happen," Americani said. "We are going to win." id. "We are going to wia."

Already the street is closed on

Sundays and holidays to accustom strolling Romans to the joy of not sharing the area with cars, trucks buses, motorbikes and sopoters.

Fools, imbedies, Aggrisari
routtered, referring to those who
favor parking spaces over potted

He is determined to resist any move to "Americanize" Rome with

freeways. That is the way to make a city : die," he said.

He wants the parks to incorporate many concepts of recreation, always with places for refreshment - coffee, ice cream, pastnes, sandwiches - but also with music. pony rides, merry-go-rounds, graz-ing wild animals if there is space, and electric carts for old people if the area is large.

The higgest problem is money. The transformation of the Piazza Venezia cost only about \$12,000, but millions are needed to make all the dreams come true.

"We have not received our ap-propriation for this year," An-grisani said, "But I have no doubt that the city will continue this

100 Hurt in Japan Quake. . United Press Internal TOKYO --- An earthquake mea-

suring 7.3 on the open-ended Richter scale hit northeastern Ispan Sunday morning. Police said more than 100 persons were injured. The hardest-hit area was Urakawa, a fishing town on Hok-kaido, where the earthquake split open streets.

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